ATKearney

The 2017 Global Retail Development Index™

The Age of Focus

Geopolitical instability and the growing power of local and regional competition in emerging markets are forcing global retailers to rethink their strategies.

Retail's Global Vision Beginning to Blur

This year's Global Retail Development Index™ (GRDI) finds the world's largest retailers facing new challenges as they expand into developing markets. The nationalist sentiment highlighted by Brexit and America First has created uncertainty about new market entry, while the increased sophistication and success of local and regional competitors has raised questions about what it takes to successfully compete in these markets.

Advances in retail technology and the growth of e-commerce also add another layer of complexity. How to enter a market via e-commerce, what the rise of e-commerce means to store footprints, and how to develop an omnichannel strategy in countries as vast as China and India are just a few examples of retailers' questions in general, and emerging markets in particular.

India tops the Global Retail Development Index thanks to a more favorable foreign investment environment, strong economic growth, and a consumption boom.

As a result, many global retailers have taken a pause this year to re-examine their store networks, formats, and logistics. Some are closing stores, and a few have even exited markets (like **Marks & Spencer** in China and **Galeries Lafayette** in Morocco). Others are introducing innovative solutions in e-commerce and mobile shopping, such as **Costco** and **Aldi**'s entrance into China through the **TMall** platform, and **Amazon's** India-specific innovations, such as Chai Cart, Tatkal, Easy Ship, and Seller Flex. The 2017 GRDI intends to help retailers figure out not only where to place their focus to succeed in global retail, but also how to get it right.

The GRDI has guided retail investments since 2002. The annual study ranks the top 30 developing countries for retail investment, identifying markets that are not only attractive today, but also offer future potential (see appendix: About the Global Retail Development Index). This year, we have augmented our research with a special feature on mobile shopping, offering insights into markets that are leapfrogging developed markets in the use of mobile phones to shop, buy, and communicate (the section starts on page 27).

The Global Retail Development Index Findings

At the top of this year's rankings, India and China switch places, with India overtaking China for first (see figure 1 on page 2). In terms of both size and momentum, Asia is the driving force behind global retail and the expansion of branded food and beverage, personal care products, apparel, fashion, and luxury. North Africa is making a comeback with the Arab Spring in the rearview mirror, while the Gulf Cooperation Council (GCC) region, specifically the United Arab Emirates and Saudi Arabia, is developing new ideas for growth. Sub-Saharan Africa keeps growing and South America's Andes markets continue to impress. Russia and other countries in the Commonwealth of Independent States are still battling with sluggish growth.

Figure 1

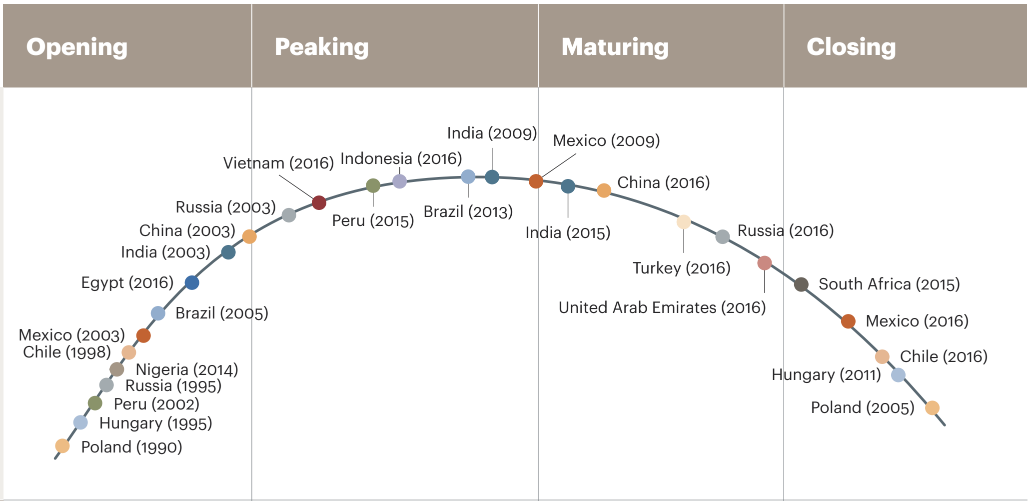
2017 Global Retail Development Index™

Rank	Country	Market attractive-ness (25%)	Country risk (25%)	Market saturation (25%)	Time pressure (25%)	GRDI score	Population (million)	GDP per capita, PPP	National retail sales ($ billion)
1	India	63.4	59.1	75.7	88.5	71.7	1,329	6,658	1,071
2	China	100.0	64.5	24.4	92.5	70.4	1,378	15,424	3,128
3	Malaysia	77.1	87.1	23.3	56.2	60.9	31	27,234	92
4	Turkey	75.8	60.4	31.7	71.4	59.8	80	21,147	241
5	United Arab Emirates	92.3	100.0	0.9	44.4	59.4	9	67,696	73
6	Vietnam	26.7	25.4	72.4	100.0	56.1	93	6,422	90
7	Morocco	34.6	55.4	64.5	69.8	56.1	35	8,360	40
8	Indonesia	49.3	45.5	52.1	76.7	55.9	259	11,699	350
9	Peru	45.5	62.2	50.8	57.6	54.0	32	13,019	61
10	Colombia	49.7	71.1	48.7	44.9	53.6	49	14,162	90
11	Saudi Arabia	88.2	62.5	22.0	41.6	53.6	32	54,078	114
12	Sri Lanka	27.6	42.0	77.2	60.3	51.8	21	11,189	30
13	Dominican Republic	60.7	18.2	64.6	63.4	51.7	11	15,946	32
14	Algeria	24.0	5.8	93.1	77.4	50.1	41	14,950	42
15	Jordan	51.7	53.2	64.7	26.2	49.0	8	11,125	14
16	Kazakhstan	45.1	37.5	62.9	47.9	48.4	18	25,669	35
17	Côte d'Ivoire	12.2	9.6	98.6	73.1	48.4	24	3,581	14
18	Philippines	33.2	40.6	39.9	73.5	46.8	103	7,696	137
19	Paraguay	22.6	14.6	88.9	56.6	45.7	7	9,354	11
20	Romania	48.2	64.3	0.0	70.0	45.6	20	22,319	45
21	Tanzania	0.0	25.5	100.0	56.2	45.4	54	3,097	17
22	Russia	79.6	28.2	3.6	61.3	43.2	144	26,109	434
23	Azerbaijan	31.8	24.0	84.2	31.7	42.9	10	17,688	11
24	Tunisia	32.7	42.0	74.4	21.6	42.7	11	11,657	15
25	Kenya	12.5	0.7	76.4	75.6	41.3	45	3,360	28
26	South Africa	52.5	71.1	6.0	31.2	40.2	56	13,179	94
27	Nigeria	15.7	0.7	91.6	51.6	39.9	187	5,930	109
28	Bolivia	24.5	6.8	93.4	33.5	39.6	11	7,191	15
29	Brazil	70.5	63.8	23.1	0.0	39.3	206	15,211	447
30	Thailand	47.4	50.3	5.8	47.8	37.8	65	16,835	119
		0 = low attractiveness; 100 = high attractiveness	0 = high risk; 100 = low risk	0 = saturated; 100 = not saturated	0 = no time pressure; 100 = urgency to enter				

Note: PPP is purchasing power parity.

Sources: Euromoney, Population Data Bureau, International Monetary Fund, World Bank, World Economic Forum, Planet Retail; A.T. Kearney analysis

Figure 2
The GRDI window of opportunity



	Opening	Peaking	Maturing	Closing
Definition	The middle class is growing, consumers are willing to explore organized formats, and the government is relaxing restrictions	Consumers seek organized formats and exposure to global brands, retail shopping districts are being developed, and real estate is affordable and available	Consumer spending has expanded, desirable real estate is more difficult to secure, and local competition has become more sophisticated	Consumers are accustomed to modern retail, discretionary spending is high, competition from local and foreign retailers is fierce, and real estate is expensive and not readily available
Typical mode of entry	Minority investment in local retailer	Organic, such as through directly operated stores	Typically organic, but focused on tier 2 and 3 cities	Acquisitions

Source: A.T. Kearney analysis

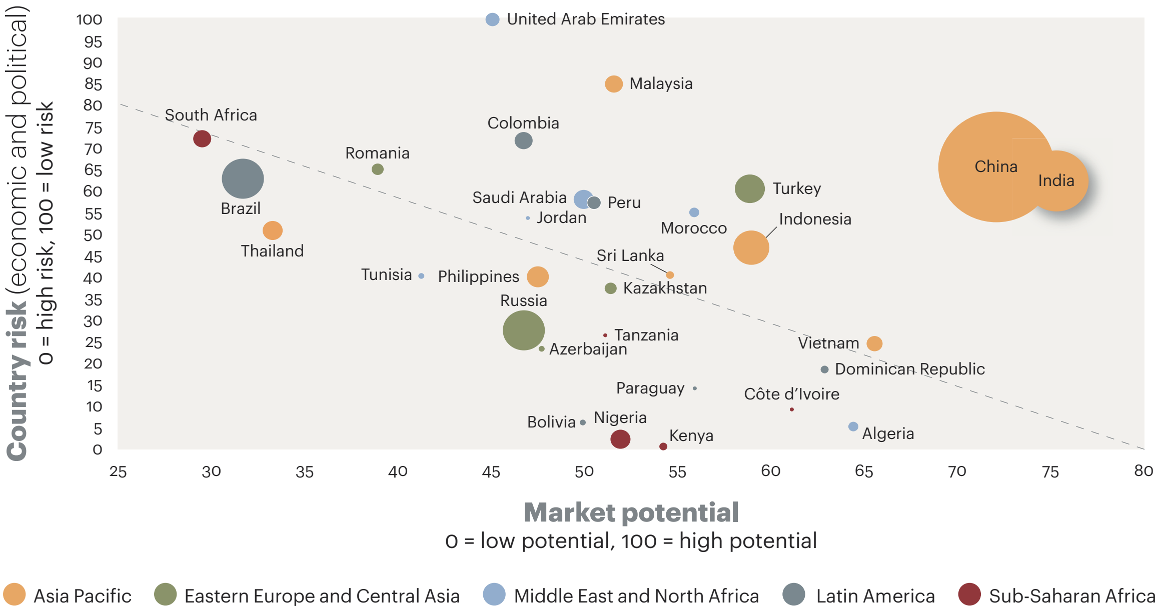
Mobile phones are changing the face of shopping in developing markets. Mobile shopping grew last year by 121 percent in India, 192 percent in China, 151 percent in Vietnam, and 87 percent in Nigeria. In fact, in most developing markets, mobile and online shopping are synonymous. This growth is forcing retailers to challenge their assumptions about market entry, their roles in the retail value chain, and their influence on shopping behavior.

As in previous editions of the GRDI, the Index identifies “windows of opportunity” for investing in organized retail in developing markets. The concept is based on the notion that markets pass through four stages of retail development (opening, peaking, declining, and closing) as they mature, a process that typically takes 10 to 15 years. Figure 2 shows how some markets are moving toward peak attractiveness while others are approaching retail maturity.

In the following sections, we take a closer look at the trends in the top 30 countries and examine each country’s risk and market potential (see figure 3 on page 4).

Figure 3

2017 GRDI country attractiveness



Note: Size of bubble indicates retail sales in 2016. Market potential is based on a weighted score of market size, market saturation, and time pressure.
Sources: Planet Retail, Euromoney; A.T. Kearney analysis

Asia Pacific

Five countries in the top 10
Eight countries in the top 30

Asia Pacific is the most dynamic region in the Index. India leads the way with a rapidly expanding economy and a consumption boom. China, long the Index leader, drops to second place as the market matures, but the country still leads the pack in other areas, most notably e-commerce. Vietnam moves ahead and is emerging as an important market for retail expansion with its liberalized investment laws. Elsewhere in the region, there has been steady growth in modern retail, despite economic headwinds like Malaysia's depreciating currency and Indonesia's rising inflation.

India: The once and new retail leader

GRDI rank: 1 (up one position)
Population: 1.33 billion
GDP per capita, PPP: $6,658
Total retail sales: $1.07 trillion[1]

The conditions for retailers in India are favorable and will continue to provide strong fundamentals. The GDP is forecast to grow 7.4 percent in 2017 and 7.6 percent in 2018, which is helping boost the middle class and increase consumer spending beyond the essentials. These trends are expected to help organized retail double in size by 2020. Meanwhile, the government is taking steps to eliminate the federal and state rules that curtail retail development, and new

[1] PPP is purchasing power parity as measured by the International Monetary Fund. All monetary figures in the paper are in US dollars unless otherwise noted.

regulations are being developed to attract investment and increase consumption. The enthusiasm around the initial public offering of **DMart**, one of India's most profitable food and grocery chains, shows that modern retailers are well positioned for profitable growth. This environment has propelled India to the top spot in the GRDI.

Retail is an integral part of Prime Minister Narendra Modi's development initiatives, Skill India and Make in India, because of its job creation opportunity. Relaxed rules for foreign direct investment (FDI) in key sectors have improved the ease of doing business in India. In the past year, the government has allowed 100 percent foreign ownership in B2B e-commerce businesses and for retailers that sell food products manufactured in India. Government efforts to boost cashless payments (witnessed in the recent nationwide demonetization exercise) and reform indirect taxation with a nationwide goods and services tax (GST) are also expected to accelerate adoption of modern retail.

In 2016, as consumers showed increased interest in brands, prominent international retailers entered the market, including **Armani Exchange**, **Cole Haan**, **Heatwave**, **Muji**, **Massimo Dutti**, **Kate Spade**, and **Neil Barrett**. **H&M** has opened 15 stores within two years of entering the market, **Xiaomi** intends to roll out single-brand retail stores across the country, and German sports goods makers **Puma** and **Adidas** are looking for government approval to operate fully-owned retail stores and online portals. **IKEA**, the world's largest furniture retailer, plans to invest $1.56 billion to set up 25 stores nationwide. **Amazon** and **Walmart** have aggressive rollout plans, with Walmart aiming to open 50 cash-and-carry stores in the next four to five years. The luxury sector also continues to see activity with **Saks Fifth Avenue** reportedly in talks with local partners to open two stores.

Online retail is projected to grow 30 percent annually and reach $48 billion by 2020, driven by high promotional activity and payment solutions such as cash on delivery. Electronics (especially mobile phones and tablets), accessories, and lifestyle products (such as apparel and shoes) are among the most popular online categories. Lifestyle retailers such as **Shoppers Stop** are investing in omnichannel offerings to meet this demand for online. However, maintaining a profitable online operation is a challenge, and has led to some consolidation. Two of the nation's largest online retailers, **Flipkart** and **Snapdeal**, are considering a merger as investors look to lock in returns, cut losses, and focus on sustainable growth.

China: Online and offline integration

GRDI rank: 2 (down one position)
Population: 1.38 billion
GDP per capita, PPP: $15,424
Total retail sales: $3.13 trillion

Even as macroeconomic growth slowed to 6.7 percent in China in 2016, retail was a bright spot and grew at 10.4 percent. This trend will continue, with retail sales growth expected to contribute more than 70 percent of the country's economic growth in 2017. As the government encourages China's shift to a consumption-driven economy, the country will remain attractive to retailers.

The integration of online and offline shopping is the core theme of China's retail market today. After years of trial and error, some retailers are starting to crack the code of capturing the synergy between online and offline channels. Japanese fast-fashion retailer **Uniqlo** offers a good example. During the popular Singles' Day shopping marathon, it was **Tmall's** top-performing store, achieving $100 million in sales thanks to a click-and-collect option that offered store pickup. Not only did it solve the problem of slow delivery on a peak sale day, but it also drew traffic to the brick-and-mortar stores—a great omnichannel example.

Online retail now accounts for 14 percent of total retail sales, with more than two-thirds of that being mobile shopping. Given the challenges of operating a store network in China, many international brands are testing the market with a pure online play. **Costco** pioneered this route in 2014 (via Tmall), and others have followed, including **Sainsbury's**, **Target**, **Aldi**, **Macy's**, **House of Fraser**, **Saks Fifth Avenue**, **Chemist Warehouse**, **Matsumoto Kiyoshi**, and **Topshop**.

Despite successes, the online journey remains difficult for many retailers. **Walmart** entered China's e-commerce market in 2011 by taking a stake in online marketplace **Yihaodian**, but sold the online business in June 2016 after five years of struggling performance.

Online retailers are seeking their own brick-and-mortar solutions as true omnichannel retail supplants single-channel play. E-commerce giant **Alibaba** is introducing a concept called "new retail," which aims to integrate brick-and-mortar retail with its online channel, using big data technology and modern logistics. Alibaba has invested in and partnered with leading retailers, including **Suning** (China's largest electronics retailer), **Intime** (a leading department store chain), and **Bailian Group** (large retail conglomerate with nearly 5,000 outlets nationwide) to offer customers better service and faster delivery options.

Alibaba has also launched its own supermarket, **HEMA Fresh**, which offers home delivery within 30 minutes for online orders for customers located within five kilometers of the store. **JD.com**, China's second-largest e-commerce company, plans to open more than a million convenience stores across the country in the next five years—half of them in rural areas.

As consumers shift their spending online, the traditional brick-and-mortar retailers are facing pressures on sales and margins, resulting in more store closures. Supermarkets, hypermarkets, apparel chains, and department stores have suffered the most from this shift and the price competition pose by the online channel. For foreign retailers, the competitive intensity and profit pressures mean that hard decisions need to be made. UK fashion retailer **Marks and Spencer**, for example, announced its exit from China in 2016.

A few retail sectors have offered strong growth in brick-and mortar, including health and wellness and lifestyle. Convenience stores and premium supermarkets continue to expand in tier 1 and tier 2 cities, targeting young middle-class consumers. Sportswear brands have enjoyed phenomenal growth thanks to China's fitness trend. Trendy food destinations targeting young customers are popular, and companies such as **Starbucks**—which aims to double its stores in China to 5,000 by 2021—are taking advantage.

Malaysia: Welcoming retailers and tourists

GRDI rank: 3 (unchanged)
Population: 31 million
GDP per capita, PPP: $27,234
Total retail sales: $92 billion

Malaysia's GDP growth dipped in 2016 (4.3 percent versus 5 percent in 2015), and short-term pressures include currency issues and inflation. However, the retail industry fared better, and its long-term prospects are strong, thanks to an influx of tourists, higher disposable income, and government investments in infrastructure.

Modern retail sales growth of 3.8 percent in 2016 was driven by a 6.1 percent increase in private consumption, despite the headwinds of a depreciating currency and the 2015 rollout of a new goods and services tax. Tourism is a cornerstone of the government's long-term growth plan, and the number of tourists is projected to grow from 26 million in 2016 to 36 million by 2020, especially boosted by Chinese tourists, who have been granted visa-free entry since March 2016.

Foreign companies have made aggressive moves in the convenience segment. Japanese retailer **Aeon** is set to triple its number of stores in Malaysia to 150 within three years. **FamilyMart Malaysia** is aiming to open 1,000 stores by 2025, and **7-Eleven** also plans to expand. **Guardian** opened its first concept store in Kuala Lumpur City Center in November 2016, and it plans to open 30 more stores and refurbish 70 stores this year.

Online retail will grow at 23 percent per year through 2021, driven by electronics and media, which will account for 40 percent of total online sales in 2017. The reach of e-commerce will expand thanks to the government's $280 million plan to roll out high-speed broadband access to rural areas starting in 2016. The government, seeking to position Malaysia as a hub for cross-border e-commerce, also established the world's first Digital Free Trade Zone, in collaboration with **Alibaba**. As part of the agreement, Alibaba will set up a regional fulfillment hub in Kuala Lumpur and a one-stop cross-border online trading platform, which will allow Malaysia's small and medium-size enterprises to sell online with transactions fulfilled through Alibaba. Meanwhile, **Lazada**, Southeast Asia's largest e-commerce platform, saw 100 percent sales growth in Malaysia in 2016, the highest growth in the region.

Malaysia's online retail market **will grow 23 percent per year through 2021,** driven by electronics and media.

Vietnam: Charging ahead

GRDI rank: 6 (up five positions)
Population: 93 million
GDP per capita, PPP: $6,422
Total retail sales: $90 billion

Vietnam's moment seems to have finally arrived. The economy is growing (estimated 6.6 percent growth in 2017) and is shifting toward more privately owned businesses and higher value export. With favorable government policies, urbanization, a growing middle class, and a relativity young population, foreign retailers have reasons to be positive about the country.

The government has allowed 100 percent ownership by foreign retailers since 2015, and favorable policy continues to usher them in, as evidenced by the 12.5 percent growth in foreign investment in 2016. A recently concluded free trade agreement with the European Union is expected to further boost investments in Vietnam.

Convenience stores and mini-marts are the fastest-growing segment. **Circle K** and **FamilyMart** entered the market in 2009 and are expanding aggressively. FamilyMart plans to have more than 800 franchised stores by 2020. **7-Eleven** plans to open its first Vietnamese store in 2018 in a franchise agreement with Seven System Vietnam; a total of 1,000 stores are planned in the coming decade. **Lotte Mart** plans to open 60 stores by 2020. **Emart**, South Korea's leading retailer, launched a $60 million shopping center in Ho Chi Minh City. Japanese retailer **Takashimaya** plans to open a 15,000-square-meter store at Saigon Centre in Ho Chi Minh City, its first store in Vietnam.

E-commerce is growing, with sales expected to grow 22 percent to account for 1.2 percent of total retail by the end of 2017. Steep online discounts and promotions are driving sales, but they are also forcing firms to shut down. In the past two years, **Beyeu**, **Deca**, and **Lingo** have all closed after protracted struggles. Still, new entrants and investors are making bets on the fast-growing market. Vietnam-based **VNG Corporation** reportedly invested about $17 million for a 38 percent stake in e-commerce platform **Tiki**.

International retailers have shown interest **in entering or expanding their retail footprints in Indonesia.**

Indonesia: Continued liberalization

GRDI rank: 8 (down three positions)
Population: 259 million
GDP per capita, PPP: $11,699
Total retail sales: $350 billion

Southeast Asia's most populous country has long been an elusive target for foreign retailers, but continued liberalization and infrastructure investments are attracting more foreign interest into Indonesia. Major reforms announced by President Joko Widodo in 2016 allow foreign investors to own majority stakes in department stores and permit full ownership of e-commerce firms. These measures are aided by continued investment in infrastructure, particularly sea and land transport options to spur growth and offer access to less populated areas.

International retailers have shown an interest in entering or expanding their retail footprints, including **LC Waikiki** (Turkey), **Central Group** (Thailand), **Lotte Group** (South Korea), and **Aeon** (Japan). Health and beauty retailers have also been doing well. Indonesian multiformat retail operator **Matahari Putra Prima** launched a new health and beauty concept, **Boston Combo**, in North Jakarta's Pluit Village shopping mall in 2016. The store offers a complete selection of health and beauty products as well as services such as hair coloring. Global e-commerce companies are also gearing up to enter a market that has traditionally been dominated by domestic players. **Alibaba's** $1 billion acquisition of **Lazada** signaled the e-commerce giant's spread across Southeast Asia, and **eBay** opened its first office in Indonesia, building on an earlier joint venture with **TelkomMetra**. However, the news is not all positive. **PT Modern Internasional**, operator of the country's **7-Eleven** convenience stores, reported declining sales and closed 25 stores nationwide, mainly because of an alcohol ban in minimarkets.

Foreign retailers considering an entry should be wary of potential economic headwinds in the coming years. Inflation is expected to rise to 4.5 percent at the end of 2017 (from 3.2 percent a year earlier), which may hurt consumer discretionary spending. Current account and fiscal deficits make the Indonesian rupiah vulnerable to negative shocks in global capital markets, which may weaken purchasing power, particularly among low-income consumers.

Sri Lanka: Steady growth

GRDI rank: 12 (unchanged)
Population: 21 million
GDP per capita, PPP: $11,189
Total retail sales: $30 billion

The small island nation of Sri Lanka retains its 12th position in the Index despite sluggish GDP growth that is the result of reduced investment from China, lower remittances, and moribund export markets. Tourism is booming, however, aiding economic growth and creating jobs in hospitality and construction.

Traditional retail accounts for more than 97 percent of the retail market. Supermarkets and hypermarkets are the fastest-growing modern segments, with most stores still concentrated in Colombo, the country's largest city.

The government has sought to create a favorable business environment by implementing structural policy changes. However, a 2016 increase in the value-added tax (VAT) from 11 percent to 15 percent will increase prices of key consumer goods and affect consumer sentiment and purchasing power.

Long-term prospects look good. As the middle class grows and incomes rise, domestic consumption will increase. Retail sales are forecast to grow to $51 billion by 2022—up 70 percent from 2017 and per capita income will rise sharply to $7,500 by 2020 from $4,000 in 2016.

Philippines: Expansion beyond the big cities

GRDI rank: 18 (down two positions)
Population: 103 million
GDP per capita, PPP: $7,696
Total retail sales: $137 billion

The outsourcing industry is boosting incomes and propelling retail growth as the Philippines' large retail market begins spreading outside of Metro Manila.

Traditional *sari-sari* stores, which sell everything from clothes to household goods, dominate the landscape, particularly in rural and low-income areas. Remittances from overseas Filipinos, a growing outsourcing sector, and strong jobs growth are buoying the Philippines' growing middle class. Wealthier consumers are now demanding modern retail options such as department stores, supermarkets, and convenience stores.

Real estate developers continue to invest billions in large mixed-used projects combining residential, commercial, and retail space. **Starmalls** is aiming to open five new malls in 2017, and **Robinsons** plans to expand its total gross leasable space by 10 to 11 percent.

The convenience segment continues to grow, offering not only local convenience with *sari-sari* stores but also services such as bill payment and mobile phone reloading. Growth in this segment is due in part to the outsourcing industry's 24-hour work culture, with stores serving as a place for a quick meal or shopping during or after work. The expansion of companies such as **7-Eleven**, **Mercury Drug**, and **Ministop** has benefited from this growth. Foreign banners such as **Lawson** and **FamilyMart** are gaining in popularity. Lawson plans to roll out 500 stores over the next five years, and Indonesia's **Alfamart** is expanding through joint ventures with **SM Investment Corp** and plans to have 120 new stores in 2017.

As retail competition intensifies in Manila and Luzon, more retailers are expanding to less developed regions, such as Visayas and Mindanao. International retailer **H&M** opened its first store in Mindanao in September 2016, with plans for more stores in the region. Robinsons **Retail** plans to make Visayas and Mindanao the targets of a capital investment of $141 million for new stores. These regions offer retailers the opportunity to reach untapped markets and fuel rapid expansion.

Thailand's retail market is expected to grow at 6 percent annually through 2020, driven by rising consumer incomes and an influx of foreign tourists.

Thailand: Resurgent market

GRDI rank: 30 (re-entry into the Index this year)
Population: 65 million
GDP per capita, PPP: $16,835
Total retail sales: $119 billion

Despite political and security challenges, Thailand re-enters the Index in 30th place. Retail is expected to grow at 6 percent per year through 2020, driven by rising consumer incomes and an influx of foreign tourists.

Thailand welcomed a record 33 million tourists in 2016, and tourism-related revenue is expected to grow 10 percent this year. The government is pushing tourism hard because of an expected decline in domestic consumption, driven by the year-long national mourning for the late King Bhumibol Adulyadej.

Popular with young urban consumers and those with rising incomes, the convenience segment is growing, catering to consumers' busy lifestyles with services such as bill payments, mobile top-ups, and free Wi-Fi. **7-Eleven** has more than 9,000 stores in Thailand, its largest market (by store count) outside of Japan.

Fifty percent of e-commerce transactions are mobile, thanks to a young population (58 percent younger than 40), high mobile penetration, and accessible mobile broadband. Global e-commerce giants are entering, which will likely improve the overall shopping experience and bring variety to consumers. **Alibaba** has announced it will bring more Chinese products to sell through **Lazada**, whose third-biggest market is Thailand. **Ezbuy**, a Singaporean e-commerce website, has also expanded its operations. In April 2016, retail giant **Central Group** acquired online fashion seller **Zalora**'s businesses in Thailand and Vietnam to expand its e-commerce presence in the region.

Eastern Europe and Central Asia

One country in the top 10
Five countries in the top 30

Eastern Europe and Central Asia feature some different economic and retail landscapes. In Turkey, despite growth in retail sales area, a turbulent year politically has led many foreign retailers to exit. Romania had strong retail growth in 2016, Russia is still recovering from a recession, and Azerbaijan and Kazakhstan have dropped significantly due to the uncertain prospects of oil and commodities on which their economies are reliant.

Turkey: A country of paradox

GRDI rank: 4 (up two positions)
Population: 80 million
GDP per capita, PPP: $21,147
Total retail sales: $241 billion

Turkey has gone through serious challenges in the past year. Terrorist attacks, an attempted political coup, and a wave of refugees have increased political uncertainty and business risk for international retailers. Nevertheless, the country moves up two places to 4th in this year's Index.

Traditionally a country that relies on income from tourism, the number of foreign visitors dropped 30 percent in 2016. Combined with consumer confidence at a six-year low, many new retail developments and malls are empty, and with retail real estate development continuing (20 new malls opened in 2016, and 14 more are planned for 2017), serious questions remain about occupancy in the short term. Store closings and market exits highlight the troubles. **Tesco** sold its store network in the summer of 2016, perfume and cosmetics retailer **Douglas** closed its 11 stores in December 2016, and fashion retailer **C&A** closed its 24 stores. Some local firms reduced their footprints: Electronics retailers **Teknosa** and **Bimeks** closed 70 and 30 shops, respectively, in 2016 amid lower demand; beauty retailer **Tekin Acar** closed 12 stores; and apparel retailer **inci** plans to close four or five stores to improve efficiency.

Yet, some core factors help keep Turkey's retail environment attractive to retailers. Turkey added more than 1 million square meters of modern retail in the past year, the third highest absolute increase among countries in the Index. Its GDP has also increased, and its population is growing faster than other GRDI-ranked countries (1.6 percent vs. 1.1 percent). Seventy-three percent of the population lives in urban areas, and 16.5 percent of people are between the ages of 15 and 24. With this in mind, some local firms are expanding their presence by buying out international retailers and consolidating the traditional *bakkals*. **A101, BİM**, and **Şok Market** are among those that have declared ambitious growth plans; collectively, they plan to open about 2,000 stores in 2017. The discount format is gaining speed, mostly because it appears as the alternative to the traditional single-location shop and offers unbeatable prices.

So the question is, are local companies capitalizing on the benefits of a strong retail sector with a limited international presence, or are these aggressive growth plans leading the sector toward a bubble in the next few years? To answer that, international retailers need to take a long-term view on the market's potential returns, and the more conservative companies may opt to sit on the fence with a more cautious approach.

Kazakhstan: Coping with challenges

GRDI rank: 16 (down 12 positions)
Population: 18 million
GDP per capita, PPP: $25,669
Total retail sales: $35 billion

Kazakhstan's GDP grew by 0.6 percent in 2016, and is expected to grow to 1.5 percent by 2019. With two currency devaluations in the past three years, consumer spending has taken a hit.

In 2016, as consumers focused on saving, retail sales sank, and the country falls 12 spots in this year's rankings.

The government is developing measures to stabilize prices for important food products and ensure transparency for sellers and consumers by setting recommended selling prices. It also launched an initiative allowing local executive bodies to monitor the access of goods in retail stores and to notify anti-monopoly authorities of any activities that are deemed to restrict competition. In response to declining demand and a need to improve efficiency, foreign retailers such as **Metro** and **Ramstore** have reduced their footprints. The economic challenges have been amplified by Russia's conflicts with the West, disrupting supply chains from the West to Kazakhstan.

Still, there are some bright spots for modern retail trade as consumer tastes become more sophisticated. Franchising is gaining popularity. Despite being a new concept, it is appealing to Western companies, which increasingly use local partners to access the Kazakh market. Western brands seem to have faith in the future market's potential and are ready to invest. **Starbucks**, **McDonald's**, **KFC**, and **Carrefour** are entering the Kazakh market, and **Leroy Merlin** and **Auchan** are planning to do so.

Despite a slight slowdown in Romania's economy that is expected for 2017, **many retailers expect to expand.**

Romania: Gateway to Eastern Europe

GRDI rank: 20 (up four positions)
Population: 20 million
GDP per capita, PPP: $22,319
Total retail sales: $45 billion

With 20 million people, Romania is a natural expansion target for foreign retailers looking to enter Eastern Europe. GDP grew at 5 percent in 2016, minimum salaries increased by 19 percent, and the value-added tax dropped from 24 to 20 percent, all positive signs for retail.

Retail sales area expanded in 2016 with 237 store openings representing a combined 200,000 square meters of store space. Several large projects were completed, including **Park Lane Mall** and **Veranda Mall**, expanding consumers' shopping options and attracting new brands. International entrants included **COS**, **Cerruti 1881**, **Chopard**, and **Boggi** with several others exploring entry, including **TJ Maxx** and **Toys "R" Us**.

The retail market saw significant M&A activity and restructuring last year. **Mid Europa Partners** acquired the **Profi** supermarket chain, and **Carrefour** acquired **BILLA** supermarkets from **REWE Group**. Other smaller transactions support the trend of consolidation and maturity of modern retail.

Despite an expected slight slowdown in the economy for 2017, many retailers expect to expand, with more than 300 store openings planned. Major retailers are focusing on smaller formats and less penetrated areas outside the capital of Bucharest.

Russia: The new normal

GRDI rank: 22 (unchanged)
Population: 144 million
GDP per capita, PPP: $26,109
Total retail sales: $434 billion

The Russian economy continues its slow path to stabilization, but timelines remain unclear. Although GDP contracted by 0.8 percent in 2016, growth is expected to return to 1 or 2 percent by 2019. The ruble has proven resilient, and inflation is slowly getting back under control. Unemployment has been declining. Although still low, consumer confidence has improved slightly over the past year. Consumers have not yet recovered from the decline in disposable income and still prefer value-oriented retail.

But the luxury market has recovered somewhat, driven by increased tourism and a pickup in domestic demand. In 2016, **Fendi**, **Valentino**, and **Bulgari** opened stores in Moscow, and Bulgari announced plans to expand. Chinese tourists, whose numbers increased 60 percent in 2016, have been supporting luxury sales, thanks to lower prices compared to home.

Fifty-five international fashion retailers, including **Victoria's Secret**, entered the market in 2016, even as the overall apparel sector declined by more than 2 percent. Retailers are also targeting opportunities in regional markets with populations of 500,000 or more. **Adidas**, **H&M**, **Inditex**, **Pandora**, and **Ecco** led the way, focusing on St. Petersburg, Yekaterinburg, Nizhny Novgorod, and Samara. Foreign apparel retailers have started exploring local manufacturing opportunities and vertical integration. The Russian apparel industry, once highly dependent on imports, has relocated manufacturing facilities from China and Southeast Asia to local production facilities as labor cost differentials have been reduced because of rising wages in China and Southeast Asia.

With 18 percent growth in 2016 and 10 percent growth anticipated this year, e-commerce has outperformed conventional retail, but logistics remains a constraint. To cope with logistics challenges, major e-retailers such as **WildBerries**, **Ulmart**, and **M.video** have invested heavily in warehousing and distribution networks. Foreign e-retailers still face issues when selling and delivering to Russia. Operational aspects such as customs, taxes, market knowledge, and delivery issues remain unclear for many companies, leaving the space vacant for domestic firms to dominate.

Azerbaijan: Challenges ahead

GRDI rank: 23 (down 13 spots)
Population: 10 million
GDP per capita, PPP: $17,688
Total retail sales: $11 billion

Although Azerbaijan's GDP has begun to recover, the economic outlook remains uncertain and dependent on oil prices. Annual inflation accelerated to 12.4 percent, driven mostly by food prices that rose 14.7 percent year on year, and shrinking disposable incomes cut into domestic demand. This pessimistic outlook is expected to continue amid tight fiscal and monetary policies, but shrinking demand could help tame inflation.

The government is seeking ways to liberalize the economy. One big policy change in 2016 was indirect tax reform. Changes introduced in the VAT redemption process for e-commerce were aimed at helping small and medium-sized enterprises and increasing competition in retail.

Additionally, the government allowed sales of alcoholic drinks and tobacco products at points of sale not equipped with cash registers, including mobile kiosks and stalls.

The grocery sector remains fragmented and dominated by mid-size retailers. Luxury, a historic stronghold, also had a slow year but was less affected than other sectors by the broader challenges, thanks to consumers less sensitive to economic conditions.

Ganjlik Mall, the country's largest shopping center with more than 50,000 square meters of retail space, opened in April in the capital Baku after two years of construction. Brands in the mall will include **Inditex**-operated **Pull&Bear**, **Stradivarius**, and **Bershka**.

Middle East and North Africa

Two countries in the top 10
Six countries in the top 30

The Middle East and North Africa (MENA) is a region of contrasts: security concerns and oil price challenges on one hand, and some of the world's most innovative projects on the other. The United Arab Emirates (UAE) remains the most attractive market in the region, as growth opportunities expand beyond saturated Dubai. Saudi Arabia is focusing on diversifying its economy away from oil, and the retail sector is in the spotlight.

North Africa presents an interesting mix of political risk and rising disposable incomes, and the region is building retail infrastructure to attract foreign companies. Morocco continues to rise in the rankings thanks to government efforts to attract foreign investments. Mall expansion in Algeria and a greater flow of tourists in Tunisia have supported retail expansion. Egypt, one of the region's biggest markets, did not make the Index because of the substantial political risk (see sidebar: Risky Frontiers).

United Arab Emirates: Innovation-fueled growth

GRDI rank: 5 (up two positions)
Population: 9 million
GDP per capita, PPP: $67,696
Total retail sales: $73 billion

Although its retail market is showing the first signs of cooling from a decade of double-digit growth, the UAE is ranked 5th this year. The country remains very attractive to retailers (86 percent of the population lives in urban centers and retail sales exceeded $73 billion in 2016) and its risk remains low as other countries in the region battle the effects of low oil prices and protracted conflicts in Yemen and Syria. The resilient economy should grow about 3.4 percent annually

Risky Frontiers

The GRDI uses globally calibrated data to assess business and political risk. As a result, a number of markets meet minimum requirements for attractiveness, saturation, and time pressure, but fail to pass the global risk test.

Iran, Egypt, Iraq, Ukraine, Venezuela, and a dozen other significant markets are not ranked this year, due to minimum risk requirements, even as recent developments in some places (like the reelection of Hassan Rouhani in Iran) may mitigate risk.

That said, global risk measures might not be as relevant for regional or local companies more comfortable with the unique political, business, or cultural requirements of these risky frontier markets.

through 2022, and its citizens enjoy high per capita income levels. While a new VAT in 2018 will likely have an impact on retail sales, analysts remain bullish on the UAE's long-term prospects.

Innovation has been the main theme over the past year, with mall developers sustaining consumer interest in a maturing market through unique formats and strip malls designed for specific communities. New concepts such as **Luxury Outlet Village** and **Boxpark Dubai** are designed to generate wider tourist appeal. With the retail sector accounting for more than 11 percent of Dubai's GDP, Dubai Tourism launched a retail calendar for 2017, showcasing a strong program of shopping festivals, seasonal promotions, clearance events, and exclusive retail experiences designed to redefine the retail experience for global travelers. Franchising giants such as **Majid Al Futtaim** are focusing on new concepts such as the **VOX** outdoor cinemas and expanding their **Magic Planet** entertainment centers and traditional mall developments.

Retailers are engaging with consumers and their ever-changing shopping patterns using flash sales and digital technologies. Past attempts to increase top-line revenue with a larger store footprint have been replaced with a focus on managing expenses, opening digital channels, and improving operational efficiencies.

Finally, the UAE has seen a surge in e-commerce platforms and other technology offerings. E-commerce growth has averaged 30 percent over the past few years, and with **Amazon's** acquisition of **Souq.com** and the launch of **Noon.com** (a new e-commerce venture backed by **Emaar Properties** and Saudi Arabia's Public Investment Fund), we expect more activity and growth in this space.

Morocco: The jewel of North Africa

GRDI rank: 7 (up seven positions)
Population: 35 million
GDP per capita, PPP: $8,360
Total retail sales: $40 billion

Morocco's retail sales grew 13 percent in 2016. Combined with continued economic and political stability that have made Morocco a leading tourist destination, the country offers plenty of opportunities for investors. More than 10 million tourists came to Morocco in 2016, the most in North Africa.

The government is capitalizing on the positive momentum and introducing investor-friendly policies. For instance, a 2016 law aims to create 12 free-trade zones across the country, offering incentives for export-oriented companies while centralizing all investment activities under the Moroccan Investment Development Agency. Finance officials plan to introduce mobile-to-mobile payments for retail and utility transactions, boosting the country's organized retail sector. Individual regions are making their own development plans, including Casablanca's 2015–2020 Strategic Development Plan, which aims to boost socioeconomic inclusion, connectivity, and mobility while encouraging the development of the city as an international financial center.

Mall developers have welcomed the creation of real estate investment trusts with seven malls expected to open by 2020, doubling the country's available mall retail space. Retailers are following suit with **Tati**, a French value retailer, opening its first store in Casablanca and Africa's largest **Zara Home** set to open in **Morocco Mall** this year.

However, consumers' clear preference for more affordable brands has led to some change. **Galeries Lafayette** closed its store in Morocco Mall, while **Aksal Group** has shifted investment to more affordable brands like **Maison du Monde**. In a separate development, **Groupe Casino's** discount chain, **Leader Price**, announced a five-year plan to open 50 supermarkets.

Saudi Arabia: A new country vision

GRDI rank: 11 (down three positions)
Population: 32 million
GDP per capita, PPP: $54,078
Total retail sales: $114 billion

Saudi Arabia is facing its most challenging economic conditions in a generation: GDP per capita (at constant prices) shrank 0.8 percent in 2016, and the government cut spending to curb a huge budget deficit from oil revenue declines. Hoping to diversify revenues and balance the budget by 2020, the government froze major infrastructure projects, introduced unprecedented cuts to fuel and utility subsidies, and announced plans to introduce a value-added tax of up to 5 percent in 2018, in line with other Gulf Cooperation Council states.

Eased restrictions on FDI ownership, business-friendly regulations, and financing for small retailers **will strengthen Saudi's retail market.**

However, the $114 billion retail industry has been relatively resilient. It grew 4.6 percent in 2016, driven by new market entrants and store openings across segments. And the long-term outlook remains strong. The government hopes to provide retail job opportunities for an additional million Saudis by 2020, and it is aiming for modern formats and e-commerce to make up 80 percent of the market. Recently eased restrictions on FDI ownership, allowing 100 percent foreign ownership in retail, along with business-friendly sector regulations and increased financing to small retail enterprises will strengthen support for the sector.

In apparel, US-based fashion retailer **Abercrombie & Fitch** announced a franchise agreement with Dubai-based developer **Majid Al Futtaim** (MAF). Japan-based fashion retailer **MUJI** has announced plans to open its first store in Riyadh, in partnership with Kuwait's **Alshaya**. US-based footwear and accessories retailer **DSW** also announced plans to open 40 stores in Saudi Arabia and other GCC countries starting in 2017, in partnership with UAE-based retail conglomerate **Apparel Group**.

Other retailers have expanded or announced plans to expand. **Sacoor Brothers** and MAF announced the opening of three boutiques with a fourth planned this year. **Sephora** expanded with two new stores. **Lulu Group** extended its operations with a new hypermarket opening and plans to open another six this year, taking their investment in the country to more than $400 million. Swedish **IKEA** plans to open a store in Jeddah in 2017.

Mall development plans have been robust as well. MAF will spend $3.7 billion on two landmark shopping malls in Riyadh, the **Mall of Saudi** and **City Centre Ishbiliyah**. Home to the country's first snow park, the development includes 300,000 square meters and is expected to be completed by 2022.

Finally, e-commerce has also witnessed renewed momentum. Saudi Arabia's **PIF** and Dubai property developer **Mohamed Alabbar** are joining forces to launch a platform called **Noon**, based in Riyadh and expected to launch in 2017 in Saudi Arabia and the UAE, followed by Kuwait and Egypt. Noon will host 20 million products, from fashion and baby goods to books and electronics.

Algeria: Retail is resilient amid a difficult year

GRDI rank: 14 (up four positions)
Population: 41 million
GDP per capita, PPP: $14,950
Total retail sales: $42 billion

As oil revenues fall, Algeria's economic circumstances remain difficult and consumer spending has dropped. Fear of political instability remains in the wake of a thwarted terrorist attack at the newly opened **Park Mall** in Sétif during Ramadan, which has impacted investment decisions. In addition, despite recent retail development, modern retail is expensive for most in a country with a relatively low-income population.

Yet retailers consider the long-term prospects to be promising, reflected in large part by mall openings. International, franchise-backed retailers in out-of-town shopping malls continue to benefit from foreign investment and lower commercial rents, with several noteworthy openings. In November, family-owned real estate developer **Engobat** opened **Festival City**, a shopping mall in the strategic fast-growing city of Batna. The eight-story, 7,500-square-meter mall has 80 stores and 10 restaurants in an $18 million development that includes a commercial area, an artistic and cultural area with an art gallery, a leisure area, and a business center with conference rooms. Engobat has plans to open additional malls.

Another shopping center opened in the coastal city of Oran in July. The mall occupies 20,000 square meters with 4,000 square meters for commercial use. The chain owner, **Ardis**, plans to open four more shopping centers in Tizi Ouzou, Biskra, Ouargla, and Annaba, buoyed by the local government's ambitious plans to fight illicit trade by developing the modern retail segment.

Jordan: Challenging market with opportunities

GRDI rank: 15 (down two positions)
Population: 8 million
GDP per capita, PPP: $11,125
Total retail sales: $14 billion

Jordan's economy is gradually recovering from the aftershocks of regional conflicts. The Syria conflict has created socioeconomic pressures from the influx of refugees, has affected tourism, which contributes about to 20 percent of Jordan's GDP, and has disrupted regional trade due to border closures. The government's austerity measures are facing opposition, and unemployment is relatively high at about 15 percent. Yet, the economy remains on the rise. In 2016, GDP grew at an annualized rate of 2.3 percent, and the World Bank projects an increase to 2.6 percent this year, driven by recent commitments to provide Jordanian garment exports more tariff-free access to Europe, coupled with a Saudi commitment to invest $3 billion in a joint investment fund.

Several ambitious retail developments have materialized amid this optimism. The long-awaited **Abdali Mall**, owned by private developer **Abdali Mall Company**, finally opened its doors in Amman in May 2016. The 227,000-square-meter mall has five floors hosting international brands, chain restaurants, a nine-screen cinema, a spacious supermarket, and a family entertainment center. Many brands have already set up shop in the mall; regional franchisee **Azadea** entered with 13 brands: **Zara, Massimo Dutti**, **Bershka**, **Pull&Bear**, **Oysho**, **Zara Home**, **Jules**, **Sunglass Hut**, **Punt Roma**, **Promod**, **I AM**, **Calzedonia**, and **PAUL**. Fashion brands **Tati**, **Matalan**, **Boggi**, and **Tezenis** opened outlets at the mall, as did Jordanian supermarket **Cozmo**. **Adidas** opened a HomeCourt retail concept store, covering 471 square meters and featuring a unique stadium-like experience. At the **Taj Lifestyle Mall**, the **Armani Group** opened its first **Emporio Armani Caffè** in Amman.

However, Jordan remains a difficult retail market because of high taxes (20 percent custom fees, 8 percent sales tax, and duties on luxury goods recently increasing by 16 percent) and high operational costs, driven by relatively high salaries and rents.

Latin America moves in different directions. Some countries see strong growth, while others battle major pressures.

Tunisia: Positive trajectory

GRDI rank: 24 (up two positions)
Population: 11 million
GDP per capita, PPP: $11,657
Total retail sales: $15 billion

Tunisia rises amid small improvements across all dimensions of the Index. The economy continues to struggle from the aftereffects of its 2011 revolution and terror attacks on tourists in 2015. High inflation (nearly 5 percent in March 2017) and currency depreciation triggered by declining tourism have created uncertainty. Tourism accounts for 8 percent of Tunisia's GDP, and revenue was down 35 percent in 2016 compared to 2015. Yet, there are glimmers of hope. GDP growth is expected to double to 2.3 percent in 2017, and tourism is expected to recover gradually.

Organized grocery retail remains underdeveloped, especially compared with neighboring Morocco and Algeria. However, as companies like **Carrefour Market**, **Monoprix**, and **Mg Maxi** increase their market presence through store openings and aggressive pricing, the sector's appeal will grow and consumer behaviors will shift.

Tunisia Mall, which opened in late 2015, continues to attract brands into the country. E-commerce recorded double-digit growth in 2016 as consumers' confidence in delivery and online payments increased.

Latin America

Two countries in the top 10
Six countries in the top 30

Latin America is a significant region for international retail expansion. However, countries in the region seem to be moving in different directions. Some display consistently strong fundamentals, such as Peru, Colombia, and Paraguay, while regional giant Brazil dropped to an all-time low amid a crippling recession and political crisis.

Overall, years of sustained growth have built a middle class that is eager to consume, leading to above-average retail growth, even in an economic slowdown. More countries are also opening their markets with free trade agreements that seek to strengthen the regional trade market.

Peru: Latin America's leader

GRDI rank: 9 (unchanged)
Population: 32 million
GDP per capita, PPP: $13,019
Total retail sales: $61 billion

Peru continues to outperform other regional economies, the result of two decades of solid growth. GDP growth is expected to average 3.5 percent for the next three years, and inflation is expected to remain under the upper limit target of 3 percent. Retail sales should continue to benefit from increased consumer spending (growing at 10 percent annually), a growing middle class, and strong consumer confidence.

Peru is making efforts toward integration and free trade. Bilateral free-trade agreements with strategic markets such as China, the European Union, Latin America, and potentially India will keep investment and trade flows strong over the coming years. Liberal policies are attracting international firms. After years of dominance by Chilean retailers such as **Ripley**, **Cencosud**, and **Falabella**, Peru is a hot spot for international retailers to invest, particularly in the apparel and specialty retail sector. Apparel companies **Victoria's Secret**, **Tiffany's**, and **Children's Place** plan to enter the country, and **H&M** expects to expand to eight stores this year.

The market is showing signs of consolidation. **Intercorp**, a national conglomerate with businesses in financial services, education, and retail, has been leading efforts to consolidate. After entering the sector in 2003, the company has acquired chains in grocery (more than 100 stores with **Supermercados Peruanos**, **Plaza Vea**, and **Vivanda**) and pharmacy (1,000 **Inkafarma** stores) as well as developed businesses in shopping centers (18 **Real Plaza** malls) and home improvement stores (17 **Promart** centers). **Mifarma** became Peru's largest pharmacy chain after acquiring **Boticas Arcángel**.

Other Peruvian companies are also investing heavily in the retail segment. **Corporación Lindley**, originally focused on beverages production and distribution, expects to open 500 **Tambo** convenience stores over the next five years. In fact, convenience stores (*bodegas*) have been a modernizing force in the food sector, representing nearly a third of modern food retail after double-digit growth over the past four years, thanks to propositions aimed at the growing middle class, such as ready-to-eat meals and convenient urban locations.

Colombia: Strong fundamentals

GRDI rank: 10 (up five positions)
Population: 49 million
GDP per capita, PPP: $14,162
Total retail sales: $90 billion

Colombia is Latin America's fourth-largest market based on household spending, making it attractive for retailers despite lower-than-expected GDP growth of 2 percent in 2016.

Recent events such as voters' rejection of the FARC peace agreement and a tax reform that increased consumer taxes negatively impacted consumer confidence but created opportunities for value-oriented discount retailers, private labels, and local product offerings. The top discount retailers **PriceSmart**, **Justo y Bueno**, and **D1** have seen 70 percent growth since 2015. Consumer demand for convenience has driven retail footprint expansion. In the past five years, 60 shopping malls have opened, with 75 more planned in the next five years.

Retailers continue to expand their footprints. In discount grocery, **Ara** opened 79 stores, Justo y Bueno opened 110 locations across the country over the past year, and D1 opened 150 stores in 2016, bringing the total to 5,657 stores. Drugstore **Comfandi** announced a $100 million investment to update stores and open new doors over the next five years. Despite a few exits by international brands such as **Aeropostale** and **Gap**, new entrants have moved into the country, including sporting goods retailer **Decathlon** and luxury accessories brand **Jimmy Choo**. **H&M** and **Replay** are expected to open their doors in 2017.

Colombia has one of Latin America's **highest Internet penetrations at about 60 percent.**

E-commerce is an area of opportunity. Although only about 1 percent of retail sales, it grew 22 percent last year and will keep growing despite a continued preference for cash payments (57 percent of online shoppers pay cash on delivery). Convenience is driving much of e-commerce growth in metropolitan areas, where companies such as **Rappi** provide same-day delivery across a multitude of retailers, saving consumers a trip in heavy traffic. E-commerce sales are mostly driven by electronics (42 percent of sales) and the apparel, accessories, luggage, and leather goods segment (22 percent). Colombia has one of Latin America's highest Internet penetrations at about 60 percent and is home to South America's fourth-largest online audience.

Dominican Republic: A small gem

GRDI rank: 13 (up four positions)
Population: 11 million
GDP per capita, PPP: $15,946
Total retail sales: $32 billion

Despite relatively low GDP per capita, trade-friendly policies make the Dominican Republic an attractive destination for investments. The reelection of Danilo Medina signals another four years of pro-business policies. While income inequality (41 percent of the population was below the country poverty line in 2015), high unemployment (15 percent), and lack of credit are challenges for modern retail, specific sectors such as luxury and casual dining continue to grow as tourism increases and the number of high-net-worth individuals increases.

International retailers are already present across categories in the Dominican Republic. **Fuddruckers** opened an express location after a successful first restaurant at **Galleria 360** in 2014. **Baskin Robbins**, **Burger King**, **KFC**, **Taco Bell**, **Subway**, **Dominos**, **Papa John's**, **Krispy Kreme, Wendy's**, and **Pizza Hut** also have a presence. In apparel and accessories, several luxury and prestige brands are already present including **Longchamp**, **Pandora**, **Swarovski**, **Tom Ford**, **Prada**, **Roberto Cavalli**, **TAG Heuer**, **D&G**, **Michael Kors**, **Gucci**, and **Hugo Boss**, many of which are in the capital city of Santo Domingo.

Despite infrastructure challenges, continued GDP growth and rising incomes make the Dominican Republic a small gem for retailers in the long term. Mobile (79 percent) and Internet penetration (49 percent) are creating e-commerce opportunities, but underdeveloped credit offerings may require cash-on-delivery infrastructure.

Paraguay: Exciting developments

GRDI rank: 19 (up six positions)
Population: 7 million
GDP per capita, PPP: $9,354
Total retail sales: $11 billion

Paraguay's GDP growth reached a high of 4.1 percent in 2016, compared with 3 percent in 2015—well above Latin American and global averages. The growth is driven by investments in the construction and energy industries and supported by debt after the country debuted in the foreign bonds market in 2013. Additionally, recent efforts to promote manufacturing through *maquilas*—investment incentives to encourage international companies to invest in Paraguay—are showing promise, with rising value-added exports establishing a foundation for an industrial sector.

Bolivia makes its first appearance in the GRDI, after a decade of annual 5 percent GDP growth.

Economic success and political stability have been attracting foreign retailers as well: **Zara**, **Guess**, **Call It Spring**, and **Forever 21** entered in 2016, and Guess's expansion continued through its long-term distribution partnership with **Starship Commercial S.A.**

The grocery sector will see **Supermercado DIA** enter in 2017 with 22 stores. It is reportedly partnering with two local distributors—**Distribuidora Paraguaya de Alimentos S.A. (Dipasa)** and **Distribuidora Gloria**—with plans to expand to 90 stores within five years.

Bolivia: The new Latin American frontier

GRDI rank: 28 (new entrant)
Population: 11 million
GDP per capita, PPP: $7,191
Total retail sales: $15 billion

After a decade of 5 percent average GDP growth driven by natural gas and mining exports, Bolivia enters the Index for the first time this year. The strong economic growth and welfare policies have created a growing middle class eager to consume. With access to the Internet and financial credit boosting demand, retail sales grew by 7 percent in 2016.

The retail sector is dominated by street markets and neighborhood stores, which represent 70 percent of retail. Although proximity and convenience are gaining relevance, price is still the deciding factor for many consumers, posing a challenge for modern retailers with their higher tax, labor, and quality burdens.

Still, international retailers are beginning to enter Bolivia. In 2016, **Justice**, **Under Armour**, and **Forever 21** opened their first stores in the country. Pharmacy chains are differentiating with health and beauty offers, customer experience, and loyalty schemes. Bolivia's largest chains—**Farmacorp**, **Farmacias Chávez**, and **Farmacias Hipermaxi**—have increased their store footprint from 78 to 185 in the past several years.

Brazil: Hoping the worst is over

GRDI rank: 29 (down nine spots)
Population: 206 million
GDP per capita, PPP: $15,211
Total retail sales: $447 billion

Brazil reaches its lowest GRDI ranking ever, on the back of a contracting economy (GDP decreased 3.6 percent in 2016), record unemployment, and chaotic politics. President Dilma Rousseff was impeached in August 2016; Eduardo Cunha, speaker of the lower house of the Congress, was convicted of money laundering and corruption; and President Michel Temer's mandate is under threat as evidence of fraud in the Dilma -Temer presidential campaign have emerged. The Brazilian Central Bank has already revised projected GDP growth for 2017 down from 0.8 percent to 0.5 percent.

The retail industry had its worst performance since 2007, a decline of 4.8 percent driven by decreased consumer spending and retail sales, which were impacted by the political instability. Clothes and shoes were hit hard as Brazilians reduced their discretionary spending amid high levels of debt. For the first time in recent history, more stores closed than opened in 2016—18,000 total, or roughly 15 percent of all stores in shopping malls—and sales volumes plunged 3.2 percent. **Walmart** closed more than 60 stores last year. International brands with limited visibility in Brazil, such as **Red Lobster**, **Ladurée**, **Cacao Sampaka**, **Vilebrequin**, **Kate Spade**, **bareMinerals**, and **Longchamp**, closed the few stores they had in the country. And **Sears**, **Bebe**, and **Aeropostale** shelved expansion plans.

Amid the gloom are some glimmers of hope. Consumer confidence levels are at a three-year high. Some new formats and channels are thriving. Lower-price cash-and-carry channels (*atacarejos*) continue to post double-digit growth, with companies such as **Carrefour** and **GPA** focusing on this channel. GPA, for example, plans to convert 15 to 20 hypermarket stores into *atacarejos*. E-commerce has also been thriving as online sales increased 11 percent and mobile shopping grew 90 percent in 2016. The number of Brazilians who buy online has been growing in part because of lower prices online.

The beginning of 2017 was also marked by new entries and acquisitions. **Luxottica** bought **Óticas Carol**, and **KIKO Milano** opens its first makeup store in Brazil. Other international retailers are also expanding. **Starbucks** plans to triple the number of stores in Brazil, and Sephora will open at least four stores in 2017.

The country is taking a slow and painful path to recovery. President Temer has been pushing an unpopular agenda and much-needed structural reforms with the help of a supportive Congress. Federal spending control, fiscal responsibility, and pension system reform should help contain the country's massive public debt and restore investor confidence. Proposals to simplify tax laws and control corruption may also boost businesses' confidence in Brazil's institutions.

Sub-Saharan Africa

No countries in the top 10
Five countries in the top 30

Retailers have long been attracted to the sheer size of sub-Saharan Africa, and retail opportunities in the region are plenty as urbanization and economic development continue.

But the region is quite varied—the five countries ranked this year are all very different and have their own nuances. Countries such as Côte d'Ivoire ($14 billion in retail sales), Tanzania ($17 billion in retail sales), and Kenya ($28 billion in retail sales) have emerged as some of the region's fastest-growing economies and, because of their relatively low market saturation, present an opportunity for retailers willing to take the risk that comes with doing business there.

Meanwhile, Nigeria ($109 billion in retail sales) faces some serious challenges, including lower oil prices, security threats, and corruption, which have overshadowed its rapid growth. South Africa's market ($94 billion in retail sales) remains saturated with strong local players.

The size, growing urbanization, and economic development of sub-Saharan Africa are drawing retailers.

Côte d'Ivoire: Attracting investors

GRDI rank: 17 (up four positions)
Population: 24 million
GDP per capita, PPP: $3,581
Total retail sales: $14 billion

The combination of an underpenetrated market and GDP growth of 8 percent makes Côte d'Ivoire an attractive target for retailers that can manage the risks.

More than half of retail transactions in Côte d'Ivoire occur in informal markets, especially outside the main economic capital of Abidjan, so modern retailers must compete with thousands of small, single-location outlets. The two dominant retailers—**Prosuma** and **Compagnie de Distribution de Côte d'Ivoire (CDCI)**—combine for about $600 million in sales, leaving plenty of room for new retailers to capitalize on the opportunities.

Carrefour's 2015 entry put considerable pressure on incumbent retailers, spurring them to invest more in operations to compete. **CFAO**, Carrefour's partner through a joint venture, announced plans to open six more Carrefour stores throughout the country by 2020. Prosuma is looking to bolster its number of outlets, while CDCI unveiled plans to strengthen its distribution network with a distribution center in Abidjan.

Despite public and private investments, infrastructure remains a challenge for retailers. Political stability is somewhat fragile, as highlighted by the civil servant strike early this year. Yet the government is pressing ahead with business-friendly reforms and improving policy to make market conditions more stable and attractive to retail investors. The National Development Plan for 2016–2020 includes major structural reforms to achieve sustained economic growth.

E-commerce is in its infancy. Internet access is low (15 percent of the population), and infrastructure constraints make it challenging for operators to scale up to cover the fixed costs of distribution. But some established African e-commerce companies, including **Jumia**, **Afrimarket**, and **Vendito**, are making a mark in categories such as appliances and apparel.

Tanzania: A new frontier

GRDI rank: 21 (new entrant)
Population: 54 million
GDP per capita, PPP: $3,097
Total retail sales: $17 billion

With a large population, a fast-growing economy (7.2 percent GDP growth), and an underdeveloped retail market, Tanzania makes its Index debut. Of course, there are some big challenges. Less than a third of the population is urbanized, about 70 percent of Tanzanians live on less than $2 a day, and infrastructure and real estate are limited, factors that make informal, open-market trade the dominant channel. Modern trade accounts for only about 10 percent of sales.

Some retailers have proven willing to endure short-term pains for an early foothold in this market. **American Supermarket** opened a store in Tanzania in April 2016 and plans to open two more soon; it expects 15,000 to 20,000 customers a day at its Dar es Salaam store. Road and rail networks are limited, making it expensive to move goods across the nation, and poor electricity coverage makes it challenging to operate stand-alone modern retail stores. Formal retail formats are rare, and current retail space in the capital of Dar es Salaam consists of two major modern shopping centers: **Mkuki House Shopping Mall**, a newly completed 25,000-square-meter center, and the 19,000-square-meter **Mlimani City**, which has attracted international retailers such as South Africa's **Game** and **Mr. Price**, **KFC**, and Dubai's **Landmark Group**.

Two of the largest supermarket chains—**Nakumatt** and **Uchumi**—announced plans to reduce their investments because of struggles in their home market of Kenya.

Kenya: East Africa's largest retail market

GRDI rank: 25 (up four positions)
Population: 45 million
GDP per capita, PPP: $3,360
Total retail sales: $28 billion

A growing population, increasing per capita incomes (4.4 percent growth in 2016), urbanization, and a property boom make Kenya attractive for modern retail. Despite a recent economic slowdown triggered by severe drought, persistent threats from terrorist attacks, and macroeconomic issues, Kenyan retail still draws interest from international retailers.

The retail market is diverse; the environment in Nairobi varies a good deal from the rest of the country. Mall penetration in Nairobi is high with occupancy levels averaging 83 percent and with new mall openings, such as the **Two Rivers Mall** in the outskirts of Nairobi, the competition for anchor tenants is likely to intensify, giving international retailers an opportunity to set better terms for occupancy. This is putting pressure on mall developers that are currently seeing returns on investment averaging 8.7 percent. However, an array of retail opportunities is still available, most notably in second-tier city shopping centers. Consumers' demand for convenience has fueled the development of malls, which offer a multi-faceted shopping experience.

Improved infrastructure has also enabled retail shops to expand into untapped rural and semi-urban markets.

Although traditional retail is still strong with about 70 percent of Kenyans doing their daily shopping in open markets and through informal channels, shopping habits continue to evolve. Preference for organized retail formats and global brands is growing, creating more opportunities for international players. Botswana's **Choppies** plans to open as many as 40 stores by 2020 in Nairobi, Narok, Nakuru, and Eldoret, offering branded food and non-food products focused on value- and convenience-conscious consumers. Meanwhile, **Carrefour** opened its first two stores in Kenya, including a 7,200-square-meter store in Two Rivers Mall that sells more than 30,000 food and non-food items. Apparel and luxury retailers are also expanding. Turkish clothing line **LC Waikiki** and Austria-based jewelry multinational **Swarovski** both entered the market this past year.

South Africa: Intensifying competition

GRDI rank: 26 (up one position)
Population: 56 million
GDP per capita, PPP: $13,179
Total retail sales: $94 billion

South Africa has always been a fairly unique market in the GRDI: more developed, urbanized, and saturated than its African peers. The country has numerous shopping malls in its three largest cities, Johannesburg, Cape Town, and Durban. Developed supply chains, relative political stability, and a sizable middle and upper class make South Africa a relatively mature retail market. However, a stubbornly high current account deficit (3.3 percent of GDP in 2016 compared with 1.5 percent in 2010) and sluggish economic growth (0.1 percent in 2016) remain areas of concern.

Local retailers continue to seek new ways to grow despite economic struggles and increasing competition. Grocery retailers **Woolworths**, **Pick n Pay**, **SPAR**, and **Checkers**, which dominate local shopping centers, are locked in fierce competition because of the limited level of product differentiation and negligible switching costs. Efforts to consolidate are under way with mixed results. In February 2017, South African retail group **Steinhoff** and supermarket chain **ShopRite** abandoned a $14 billion deal to create Africa's biggest shop network in the face of criticism from some of ShopRite's shareholders.

South Africa's outlook is more encouraging in other sectors. Apparel is forecast to grow at a CAGR of more than 4 percent through 2020 to $8.4 billion in value, compared with $7 billion in 2015. **H&M**, which entered in 2015, reported sales of about $76 million last year in fewer than 10 stores and plans to open two more stores this year. This will put pressure on local apparel retailers such as **Mr. Price**.

Online and mobile shopping is also growing rapidly. E-commerce is projected to grow at about 26 percent CAGR through 2020, and mobile shopping growth will be even higher. In 2016, mobile shopping spending increased by 65 percent, prompting significant new investments and consolidation. **Naspers**, Africa's biggest e-commerce and digital company and its largest publicly listed company, recently invested $70 million to acquire a majority share in **Takealot Online**, South Africa's largest e-commerce company. Additionally, pure online apparel and footwear companies such as **Runway Sale**, **Superbalist**, **Spree**, and **Zando** have emerged.

New malls such as the **Mall of Africa**, which opened in Gauteng in April 2016, and the **Fourways Mall** mega expansion, which is said to cover 175,000 square meters, provide growth opportunities. Expansion outside the main cities has started to become more attractive, but retailers are still experimenting with pricing and assortment strategies needed to penetrate these markets.

Nigeria: Dormant giant

GRDI rank: 27 (down eight positions)
Population: 187 million
GDP per capita, PPP: $5,930
Total retail sales: $109 billion

Africa's economic expansion of the past decade was fueled by the commodities boom and increasing industrial activity. However, with falling commodity prices, African oil exporters face serious challenges from depreciating currencies, corruption, and deep cuts in government spending. In many ways, Nigeria symbolizes this reality. Uncertainty now hangs over the prospects in this West African nation, and its country risk has increased. Overall, Nigeria presents immediate challenges, yet its large population, growing middle class, and long-term potential keep it on the radar.

Nigeria remains an attractive destination for e-commerce companies, with online retail expected to grow at a double-digit rate through 2020.

Two trends stand out. The first is the development of shopping centers where Nigerians are slowly shifting to the modern shopping experience. Although mall development has slowed from its rapid growth over the past few years, new developments have not been shelved. A $50 million mega-mall is set to be constructed in Ikeja, and construction on the new **Yantebura** mall in Kano is also set to begin soon.

The second is the increasing importance of e-commerce. Given its size, Nigeria remains an attractive destination for e-commerce companies, with online retail expected to grow at a double-digit rate through 2020. An estimated 53 percent of Nigerians access the Internet, and mobile shopping is growing rapidly. **Jumia**, the country's largest e-commerce company, estimates that 63 percent of its customer orders are placed via mobile. Although online growth is hampered by limited logistics and payments infrastructure, new entrants are attracted to the growing market knowing these barriers will be overcome over time.

Formal grocery retail is still in its infancy. Large retailers such as South African retailer **ShopRite**, Dutch retailer **SPAR**, and local retailer **Addide** make up 1 percent of the country's grocery sales. South African retailer **Pick n Pay** announced plans to enter Nigeria in 2017 through a local partner, Lagos-based **AG Leventis & Co**. On the other side of the spectrum, two other South African retailers, clothing retailer **Truworths** and food and apparel chain **Woolworths**, announced plans to close their stores and exit the market.

Thinking About E-Commerce? You'd Better Pick Up the Phone

Shopping on smartphones and tablets will be a major driver of online sales in emerging markets over the next few years, outpacing developed countries (see figure 4). In this year's special feature we look at the outsized impact that mobile shopping is having on retail in developing markets.

Figure 4
Emerging markets are ahead of developed markets in growth of mobile shopping

Sources: Euromonitor; A.T. Kearney analysis

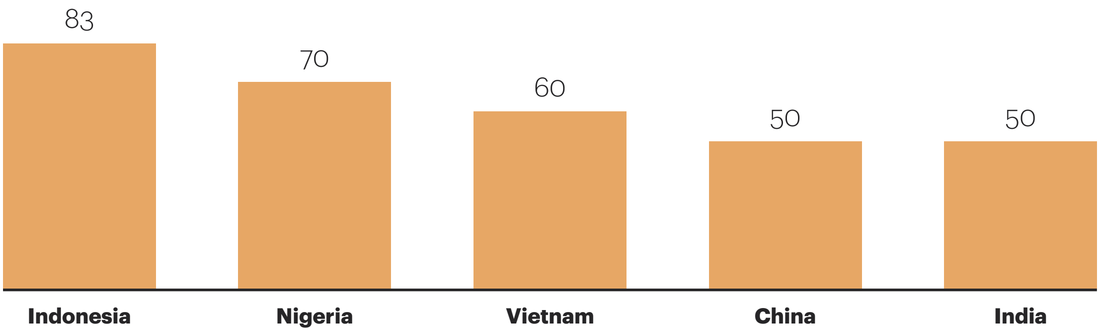
In many markets, online shopping *is* mobile shopping

In most emerging markets, mobile phones are the most affordable connected devices available. And with coverage of 3G and 4G wireless technology spreading while prices for mobile devices and data plans drop, the Internet has become more accessible and more affordable. In fact, for many consumers, phones' speed and accessibility make mobile the *only* online channel—a stark difference from most developed markets, where there was a long path from catalog to desktop to laptop to smartphone (see figure 5 on page 28).

Annual spending on mobile shopping in 10 large emerging markets (China, India, Indonesia, Philippines, Thailand, Vietnam, South Africa, Nigeria, Brazil, and Colombia) is estimated at $275 billion.

Figure 5
Mobile phones are the preferred device for online shopping in emerging markets

% of online shoppers who prefer mobile to shop online, 2016



Sources: news releases, Euromonitor; A.T. Kearney analysis

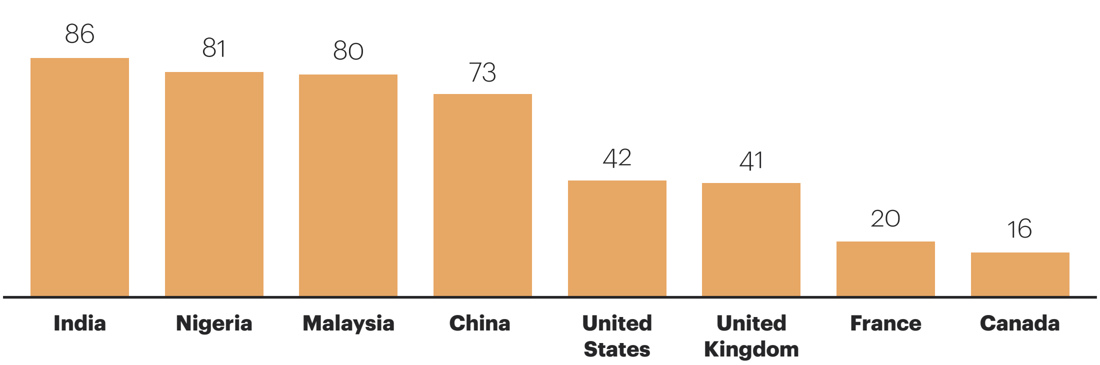
Mobile shopping: Leaders knocking down barriers

The rapid growth of mobile shopping and the size of the opportunity have prompted several start-ups and established e-commerce giants to ramp up and capitalize on the trend, while also focusing on addressing the challenges that deter adoption (see figure 6). In India, **Snapdeal** addressed connectivity issues by shortening the mobile buying process to three clicks. **Flipkart** worked with browsers to configure a "lite" version of its mobile shopping site.

To support payment in cash-heavy economies, retailers have either partnered with or acquired payment solutions companies. **Amazon** recently purchased Indian online payment **Emvantage**, and in China, **Alipay** and **WeChat** drove high adoption of mobile. Fulfillment and distribution are also being addressed. In Nigeria, **Jumia** built its own fleet of 200 vehicles to deliver in Nigeria's top cities, and in India, **Amazon** has hired small shop owners to serve as pick-up points in exchange for a small commission on each package.

Figure 6
E-commerce is dominated by pure-play online retailers in emerging markets

E-commerce market share of top four pure-play online retailers (%, 2016)



Sources: Euromonitor; A.T. Kearney analysis

Efforts to knock down adoption barriers are showing clear results. Snapdeal mobile sales rose by 55 percent in 14 months. An estimated 70 percent of **Tmall** and **JD** sales in China are from mobile. Southeast Asian leader **Lazada** says almost 60 percent of sales come from mobile shoppers, and in Nigeria, Jumia estimates that 63 percent of orders are via mobile. It's little surprise these companies dominate the online landscape in these markets—and little surprise that many single-brand retailers are seeking to partner or sell through these dominant emerging market players to gain a mobile foothold. However, access to these platforms comes at a cost. Brands typically pay commissions to online retailers (as high as 15 percent) or allow the retailer to purchase inventory at a discount of about 30 percent. The highest cost, however, may be the loss of control over brand presentation, forcing the brand to compete primarily on price, which puts pressure on margins. Retailers that want to retain control and go at it solo face the prospect of heavy investments in logistics and payments infrastructure.

Challenging core assumptions: More than just an app

Mobile shopping's growth goes beyond merely having a mobile-ready website or application. It allows retailers to challenge some core assumptions on how retail is done:

Market entry. Traditional ways of entering a market through owned stores, joint ventures, or franchise models are time-consuming and expensive, especially when compared to the online model where a dominant partner gives retailers access to millions of customers almost instantaneously without the costs of establishing store networks or training associates. For example, **Aldi** is entering China exclusively via Tmall—the first time it has entered a new market online—and fulfilling its China orders via suppliers in Australia. This strategy allows the company to learn about Chinese shopping habits and customers quickly and cost-effectively.

Retail's role in the value chain. Traditionally, international brands have looked at local partners as franchise operators of stores or distributors for their goods while retaining activities higher up the value chain, such as brand strategy, store network, and footprint expansion. However, mobile shopping expansion and the dominance of some local players have raised questions about this model. In India, Spanish fashion retailer **Mango** will have its entire online and offline distribution managed by **Myntra** (Flipkart's e-commerce fashion subsidiary), including setting up and managing 25 Mango stores. In other words, a local e-commerce company is now managing the omnichannel strategy in a major market for a global fashion brand.

Influencing shopping behaviors. Traditional methods of influencing customer behaviors, especially in emerging markets, are often based on static, one-size-fits-all sales and promotions. And in many emerging markets, heavily discounted or low-margin items are the primary sales drivers on mobile. However, mobile's expansion and customer and location data present new opportunities to influence shopping behavior. **SK Planet Co.**, owner of e-commerce marketplace giant **elevenia**, recently purchased **Shopkick**, an online app company that rewards people for location-based activities, such as walking into a retail store and scanning product barcodes on their phone. Such data-driven strategies may allow retailers to better control mobile purchasing and shopping behaviors while also driving traffic away from dominant platforms to their stores or apps, where they have more control over brand experience and margins.

Online and mobile retail in developed markets will lead to a reallocation of value-chain margins—particularly for retailers without much experience in online or omnichannel (if there are any left). But the rapid development of mobile retail in developing markets and the substantial investments being made into physical and financial infrastructure and communications require a rethinking of the value of brands, formats, and assortments.

A Paradigm Shift in International Expansion

Successful retail has always been built on an effective format, efficient operations, and scale. Until recently, the capability to plan and execute a far-flung network of retail shops was the purview of a handful of global companies or very narrow vertically integrated luxury firms. But while the business environment makes it harder for global companies to manage the complexities of a multinational operation, regional and local companies are getting better at building and executing successful formats and efficient operations.

This year's GRDI shows the fault lines in established patterns of development. Whether those fault lines expand depends on the power of new players, the flexibility of existing companies, and the disruptive capacity of technology.

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The authors wish to thank the following people for their valuable contributions to this paper: Flavia Freitas, Beatriz Kinguti, Manola Soler, Gorkem Arslan, Silviu Ciocianu, Santosh Mahale, Lays Badra, Daniela Benjamin, Cristina Peruyera, Larisa Prokopenko, Sergey Anoufriev, Alexey Korobkin, Artem Parshenkov, Stanislav Nosulenko, Karan Dhall, Chaitanya Sood, Tina Si, Punda Lawansiri, Glenn Toh, Smriti Tankha, Priyasha Churiwal, and Akilah Huguley.

Appendix:
About the Global Retail Development Index

The annual A.T. Kearney Global Retail Development Index ranks 30 developing countries on a scale of zero to 100—the higher the ranking, the more urgency to enter a country. Countries are selected from 200 nations based on three criteria:

Country risk. Greater than 35 in the *Euromoney*'s country risk score

Population size. Five million people or more

Wealth. GDP per capita of more than $3,000 (The GDP-per-capita threshold for countries with more than 35 million people is more flexible because of the market opportunity.)

Scores are based on the following variables:

Country and business risk (25 percent)

Country risk (80 percent). Political risk, economic performance, debt indicators, debt in default or rescheduled, credit ratings, and access to bank financing. The higher the rating, the lower the risk of failure.

Business risk (20 percent). Business cost of terrorism, crime, violence, and corruption. The higher the rating, the lower the risk of doing business.

Market attractiveness (25 percent)

Retail sales per capita (40 percent). Based on total annual sales of retail enterprises, excluding taxes. A score of zero indicates an underdeveloped retail sector; a score of 100 indicates a mature retail market.

Population (20 percent). A score of zero indicates the country is relatively small with limited opportunities for growth.

Urban population (10 percent). A score of zero indicates a mostly rural country; 100 indicates a mostly urban country.

Number of large cities (10 percent). A score of zero indicates all cities in the country have less than a million inhabitants; 100 indicates a significant number of large cities with more than a million inhabitants.

Business efficiency (20 percent). Parameters include government effectiveness, burden of law and regulations, ease of doing business, and infrastructure quality. A score of zero indicates inefficiency; 100 indicates highly efficient.

Market saturation (25 percent)

Share of modern retailing (30 percent). A score of zero indicates a large share of retail sales is from a modern format within the average Western European level of 200 square meters per 1,000 inhabitants. Modern formats include hypermarkets, supermarkets, discounters, convenience stores, department stores, variety stores, warehouse clubs, and supercenters.

Number of international retailers (30 percent). Country presence was analyzed for about 300 retailers. Countries with the maximum number of retailers have the lowest score.

Modern retail sales area per urban inhabitant (20 percent). A score of zero indicates the country ranks high in total modern retail area per urban inhabitant, close to the average Western European level of 200 square meters per 1,000 inhabitants.

Market share of leading retailers (20 percent). A score of zero indicates a highly concentrated market; 100 indicates a fragmented market.

Time pressure (25 percent)

The time factor is based on 2013 to 2015 data, measured by the CAGR of modern retail sales weighted by the general economic development of the country (CAGR of GDP from 2013 to 2015 and forward-looking from 2016 to 2018) and CAGR (2013 to 2015) of the retail sales area weighted by newly created modern retail sales areas. A score of 100 indicates a rapidly advancing retail sector, thus representing high time pressure to enter the country and capture the growth opportunity.

Data and analysis are based on the United Nations Population Division database, International Monetary Fund, and Economist Intelligence Unit national statistics, *Euromoney* and World Bank reports, and Euromonitor and Planet Retail databases.

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