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MarketLine Industry Profile

Food Retail in the United States

August 2015

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MarketLine

EXECUTIVE SUMMARY

Market value

The United States food retail industry grew by 3% in 2014 to reach a value of $1,007.3 billion.

Market value forecast

In 2019, the United States food retail industry is forecast to have a value of $1,173.9 billion, an increase of 16.5% since 2014.

Geography segmentation

The United States accounts for 17.2% of the global food retail industry value.

Market rivalry

Competition between players is fierce due to the limited level of product differentiation and consumer's negligible switching costs, combined with a challenging and volatile industry environment.

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MARKET OVERVIEW

Market definition

The food retail market includes the retail sales of all food products, both packaged and unpackaged, as well as beverages (including retail sales of all alcoholic and non-alcoholic beverages). All on-trade sales of food and beverage are excluded. All currency conversions are calculated at constant average 2014 exchange rates.

For the purposes of this report, North America consists of Canada, Mexico, and the United States.

South America comprises Argentina, Brazil, Colombia, and Venezuela.

Europe comprises Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Russia, Spain, Sweden, Switzerland, Turkey, and the United Kingdom.

Scandinavia comprises Denmark, Finland, Norway, and Sweden.

Asia-Pacific comprises Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam.

Middle East comprises Saudi Arabia and United Arab Emirates.

Market analysis

The US food retail industry has been growing moderately in recent years, a trend that looks set to continue in the forecast period.

The US food retail industry had total revenues of $1,007.3bn in 2014, representing a compound annual growth rate (CAGR) of 3.5% between 2010 and 2014. In comparison, the European and Asia-Pacific industries grew with CAGRs of 1.7% and 9.7% respectively, over the same period, to reach respective values of $1,744.8bn and $2,313.2bn in 2014.

While the food retail industry as a whole has been growing moderately in recent years, there have been certain segments of the industry that have been enjoying good growth. For example, the organic food retail market in the country grew at a CAGR of 10.4% between 2010 and 2014.

Supermarkets / hypermarkets accounted for the largest proportion of sales in the US food retail industry in 2014, sales through this channel generated $843.1bn, equivalent to 83.7% of the industry's overall value. Sales through independent & specialist retailers generated revenues of $60.4bn in 2014, equating to 6% of the industry's aggregate revenues.

The performance of the industry is forecast to decelerate, with an anticipated CAGR of 3.1% for the five-year period 2014 - 2019, which is expected to drive the industry to a value of $1,173.9bn by the end of 2019. Comparatively, the European and Asia-Pacific industries will grow with CAGRs of 2.2% and 6.8% respectively, over the same period, to reach respective values of $1,949.6bn and $3,217.9bn in 2019.

MARKET DATA

Market value

The United States food retail industry grew by 3% in 2014 to reach a value of $1,007.3 billion.

The compound annual growth rate of the industry in the period 2010–14 was 3.5%.

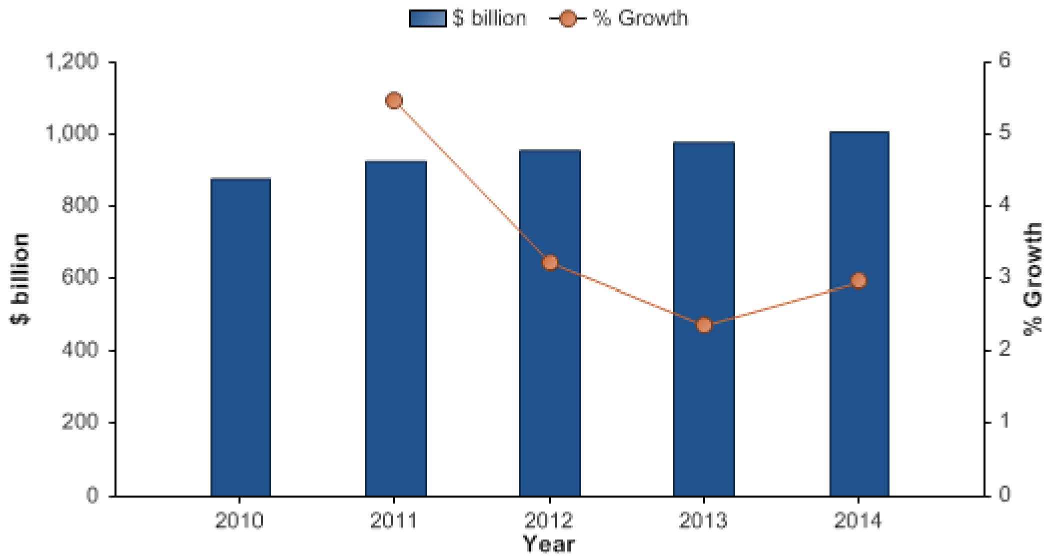
Table 1: United States food retail industry value: $ billion, 2010–14

Year	$ billion	€ billion	% Growth
2010	877.9	660.5	
2011	925.8	696.6	5.5%
2012	955.7	719.1	3.2%
2013	978.3	736.1	2.4%
2014	1,007.3	757.9	3.0%
CAGR: 2010–14			3.5%

SOURCE: MARKETLINE

MARKETLINE

Figure 1: United States food retail industry value: $ billion, 2010–14



SOURCE: MARKETLINE

MARKETLINE

MARKET SEGMENTATION

Geography segmentation

The United States accounts for 17.2% of the global food retail industry value.

Asia-Pacific accounts for a further 39.6% of the global industry.

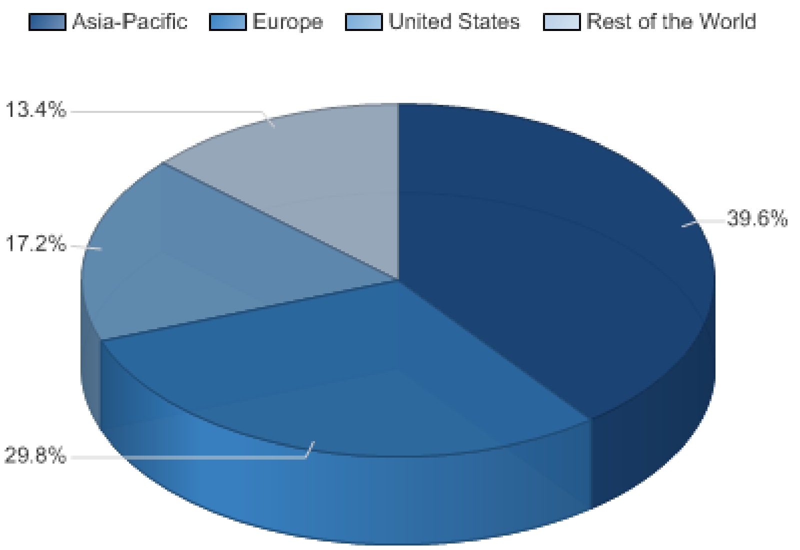
Table 2: United States food retail industry geography segmentation: $ billion, 2014

Geography	2014	%
Asia-Pacific	2,313.2	39.6
Europe	1,744.8	29.8
United States	1,007.3	17.2
Rest of the World	783.2	13.4
Total	5,848.5	100%

SOURCE: MARKETLINE

MARKETLINE

Figure 2: United States food retail industry geography segmentation: % share, by value, 2014



SOURCE: MARKETLINE

MARKETLINE

Market distribution

Supermarkets / hypermarkets form the leading distribution channel in the United States food retail industry, accounting for a 83.7% share of the total industry's value.

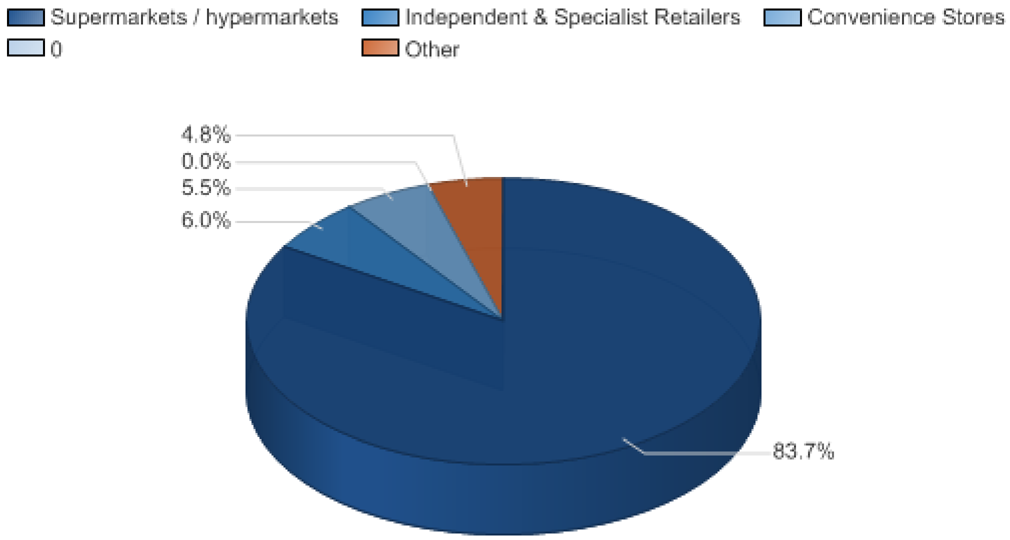
Independent & Specialist Retailers accounts for a further 6% of the industry.

Table 3: United States food retail industry distribution: % share, by value, 2014

Channel	% Share
Supermarkets / hypermarkets	83.7%
Independent & Specialist Retailers	6.0%
Convenience Stores	5.5%
0	0.0%
Other	4.8%
Total	100%

SOURCE: MARKETLINE MARKETLINE

Figure 3: United States food retail industry distribution: % share, by value, 2014



SOURCE: MARKETLINE MARKETLINE

MARKET OUTLOOK

Market value forecast

In 2019, the United States food retail industry is forecast to have a value of $1,173.9 billion, an increase of 16.5% since 2014.

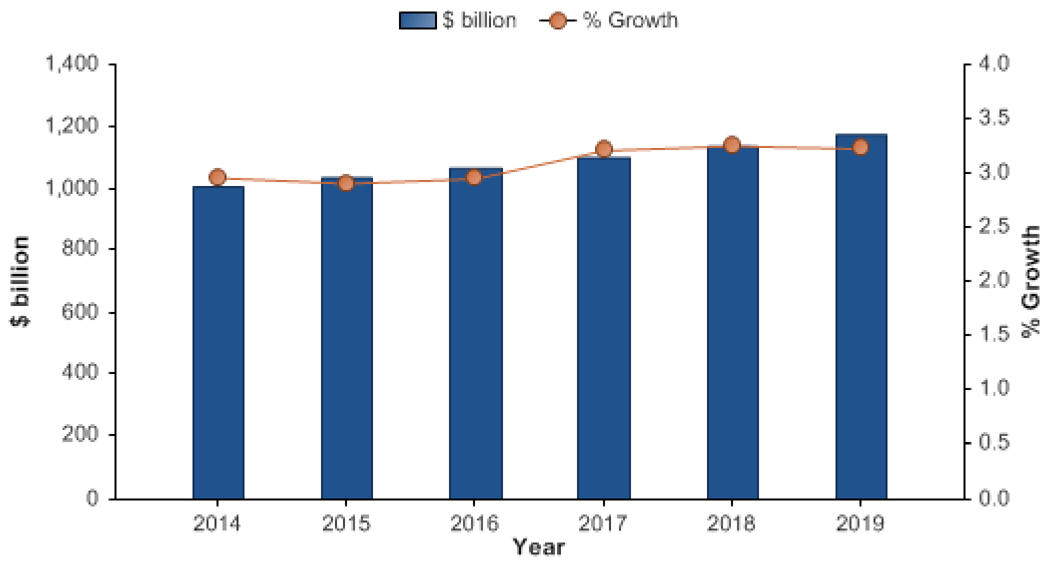
The compound annual growth rate of the industry in the period 2014–19 is predicted to be 3.1%.

Table 4: United States food retail industry value forecast: $ billion, 2014–19

Year	$ billion	€ billion	% Growth
2014	1,007.3	757.9	3.0%
2015	1,036.5	779.9	2.9%
2016	1,067.1	803.0	3.0%
2017	1,101.4	828.7	3.2%
2018	1,137.2	855.7	3.3%
2019	1,173.9	883.3	3.2%
CAGR: 2014–19			3.1%

SOURCE: MARKETLINE MARKETLINE

Figure 4: United States food retail industry value forecast: $ billion, 2014–19



SOURCE: MARKETLINE MARKETLINE

FIVE FORCES ANALYSIS

The food retail market will be analyzed taking supermarkets, hypermarkets and specialist retailers as players. The key buyers will be taken as end-consumers, and food manufacturers, farmers, agricultural co-operatives as the key suppliers.

Summary

Figure 5: Forces driving competition in the food retail industry in the United States, 2014

SOURCE: MARKETLINE

MARKETLINE

Competition between players is fierce due to the limited level of product differentiation and consumer's negligible switching costs, combined with a challenging and volatile industry environment.

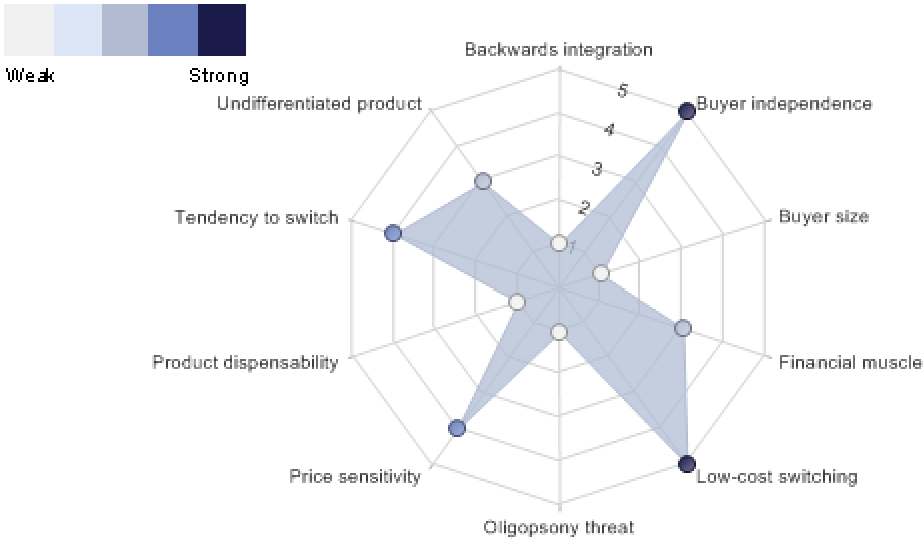
A lack of switching costs and the limitations in product differentiation lead to buyer mobility, which forces larger retailers to maintain attractive pricing schemes. There is a rising pressure laid on players to adapt to fast changing consumer needs and the winner should be able to position the desirable product at a price suitable for customers and manufacturers. Whilst specialist, luxury or organic retailers do not feel the same price sensitivity, they are not able to secure a large volume of customers, and may have no choice but to commit to long term supplier contracts in order to secure a steady supply, quality, or specifically prepared products.

Potential new entrants may struggle to compete with the aggressive marketing and pricing policies of the existing players. Nonetheless, relatively low entry and exit costs, the emergence of thriving health and ethical niches which are sheltered from direct competition from current players, and strong historical growth, offer attractive prospects.

Food service (takeaways, vendors and restaurants) can be seen as a substitute to food retail products, however for the vast majority of people it currently exists as an occasional accompaniment rather than a wholesale alternative. Subsistence farming is a more direct substitute, sometimes replacing standard retail behavior outright, yet it is no longer a common practice in many parts of the world.

Buyer power

Figure 6: Drivers of buyer power in the food retail industry in the United States, 2014



SOURCE: MARKETLINE

MARKETLINE

The buyers in this industry are end-consumers. This significantly weakens buyer power; the loss of any one buyer's custom is unlikely to have a significant effect on a player's revenues. Additionally, the standing of any individual customer is diminished because of the sheer volume of potential customers.

Although the revenue generated by any particular consumer is minimal, collectively they represent wider consumer interests, and retailers cannot afford to disregard the sensitivities of buyers. There are a number of factors that affect a consumer's choice. Price and convenience are two central concerns. The average US family spends around $7,000 annually on food. However, a rise in health consciousness has driven a growing demand for nutritional quality in food products. This is particularly true for the US where the high obesity levels (31.8% in 2013 according to the UN) have led to various initiatives to encourage consumers to opt for healthier lifestyles.

The culture of convenience now faces the challenge of a counter-trend in which a shift back towards fresh, simple or traditionally prepared foods undermines the retail position of frozen foods and similar products. There is also a demand for a mixture of domestic and international food. The emergence and development of ethical niches adds further momentum to this movement within the industry. Food retailers must accommodate such diverse interests, which also increase buyer power somewhat.

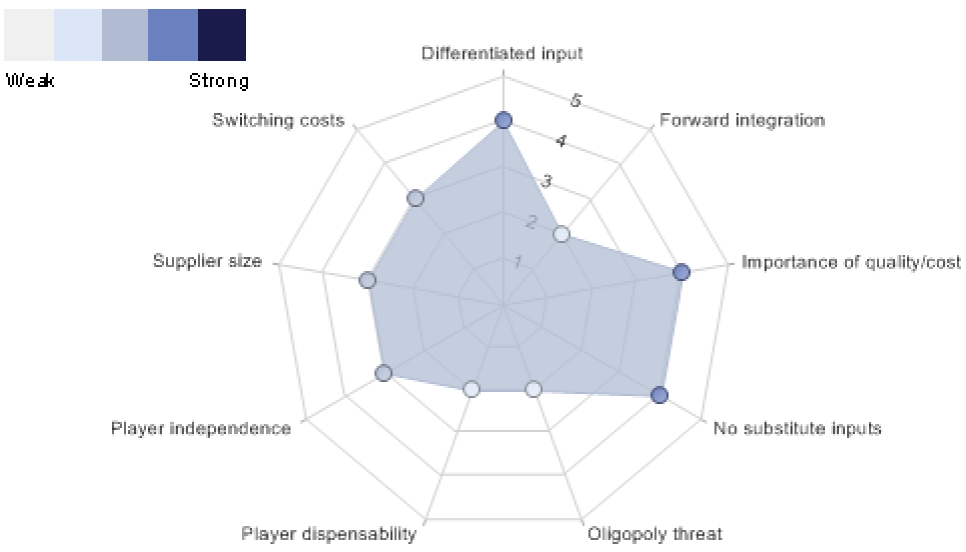
A number of retailers operate incentive schemes for frequent shoppers, which can help secure customer retention. For example, in mid-2014 Wal-Mart launched its 'Savings Catcher' program, which gives customers refunds for the difference between what they paid at Wal-Mart and lower prices offered by other players. Discouraging movement across retail outlets can reduce consumer mobility which, in the long term, can weaken buyer power.

Although high brand recognition does not automatically translate into consumer loyalty, if it is supported by a product range in which popular food products are central, the retailer can often draw indirectly on the loyalty base that manufacturers have established. Specialty, luxury or organic retailers can, due to the high level of product differentiation, justify price levels that would otherwise be unsustainable, yet the limited volume of consumers restrains the power of such players.

Overall, buyer power is assessed as moderate.

Supplier power

Figure 7: Drivers of supplier power in the food retail industry in the United States, 2014



SOURCE: MARKETLINE

MARKETLINE

Large retailers often maintain relationships with a wide range of suppliers, which ensures stability and helps to offset the dangers of local sourcing problems or price fluctuations. This strengthens retailers standing in relation to their suppliers as their dependency is reduced, meaning any risks to retailers are minimized.

Where possible, long term contractual obligations are avoided and switching costs are kept to a minimum. With a firm hold on key distribution channels, the leading retailers can dominate negotiations with certain suppliers. Smaller retailers, such as specialist, luxury or organic outlets may find such negotiations difficult. The limited number of suppliers in niche areas and the centrality of product quality or preparation type restrict the available range of sourcing options. With switching costs subsequently higher, the balance of power shifts somewhat from smaller retailers to specialist suppliers.

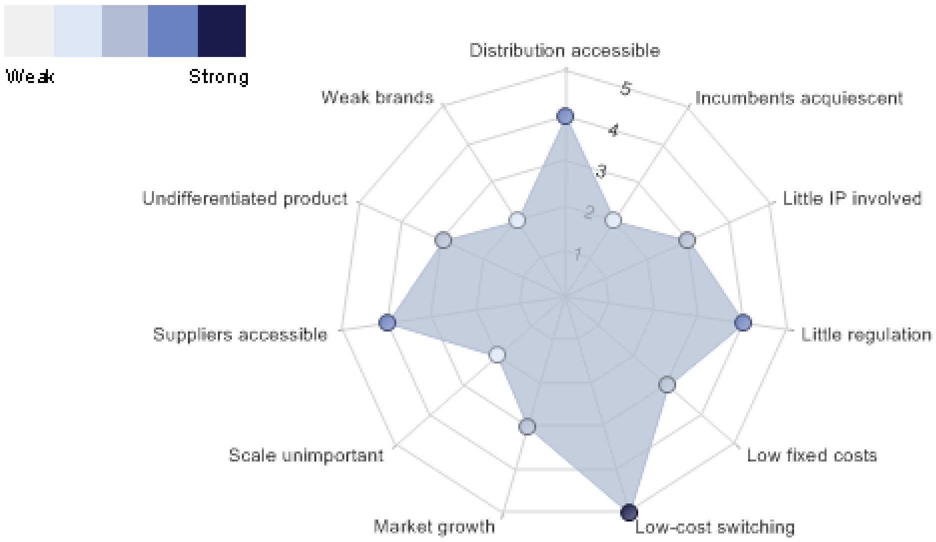
Backwards integration is possible, with some retailers growing their own produce and selling it on. This is particularly true for small, independent retailers such as at open air market. In this case supplier power is reduced. On the other hand, forward integration by suppliers is possible if a manufacturer/grower decides to establish retail operations.

Whilst the need to satisfy consumer demand for popular products bolsters manufacturers, many others face the problem of a high degree of retailer mobility as they switch suppliers in accordance with pricing pressures. Supplier power has been affected by the surge of many retailers offering own-brand products, which may sideline certain suppliers. Suppliers who are able to differentiate their product can wield some power over retailers, should their product be popular with the end consumer. However, for food retail a vast swathe of products are commodities (such as fruit and vegetables) and homogenous, which diminishes supplier power.

Overall, supplier power is assessed as moderate.

New entrants

Figure 8: Factors influencing the likelihood of new entrants in the food retail industry in the United States, 2014



SOURCE: MARKETLINE MARKETLINE

The food retail industry in the US is fairly concentrated, with large supermarkets and hypermarkets accounting for over 80% of the market. It is estimated that the top 20 food retailers account for around two thirds of the US food retail industry. Wal-Mart is by far the market leader in the US; with huge financial muscle and economies of scale this company holds economic power over other smaller retailers. Large-scale, established retailers, with operating businesses that benefit significantly from economies of scale and the ability to employ aggressive pricing schemes that cannot be matched by smaller retailers, enjoy a significant advantage. Strong branding exercises and fast paced expansion deepens this market control.

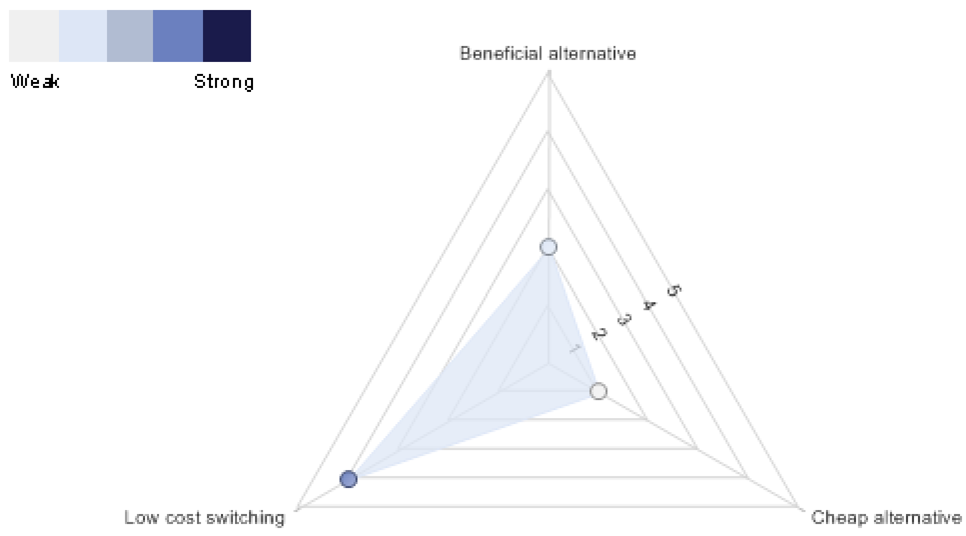
Nevertheless, large retailers are not invulnerable to the threat of new entrants. Potential entrants may be encouraged by the relatively low entry and exit costs. There has been a rapid growth of health consciousness, plus an increasing number of consumers opting for a more ethical or organic range of goods. This is evident in MarketLine data, which indicates that the organic food market in the US has been growing at rates of around 10% between 2010 and 2014. As such, while the food retail industry as a whole is growing only moderately, it is apparent that certain segments of the market are offering good growth potential. This forms attractive avenues for new entrants seeking to move into a niche area that offers inbuilt protection from pricing pressures and mainstream marketing.

Switching costs for end consumers are minimal in this industry, with consumers often heavily influenced by price.

Overall, the threat of new entrants is assessed as moderate.

Threat of substitutes

Figure 9: Factors influencing the threat of substitutes in the food retail industry in the United States, 2014



SOURCE: MARKETLINE

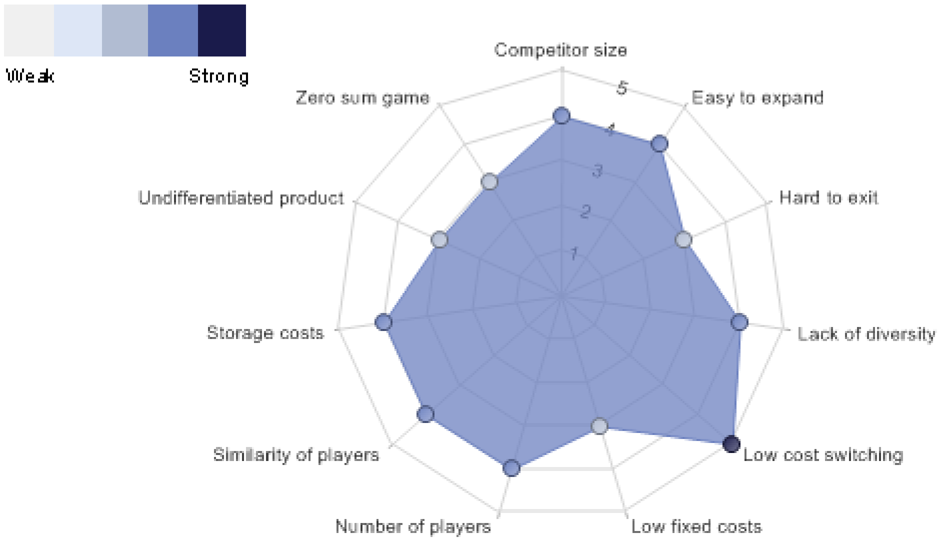
MARKETLINE

There are few substitutes to food retail. The dominant alternative to food retail is food service. Strong marketing campaigns in the case of fast food companies, and cultural traditions with respect to sit-down restaurants, mean both types may represent a relative alternative for many consumers. However, for the vast majority of people, these accompany food retail rather than replace it.

A more direct substitute is found in subsistence agriculture, in which individuals or families farm food to provide for their own personal needs. However, the emergence of market capitalism, machinery that enables growing on a large scale, and increased population density mean subsistence agriculture is no longer common. The impact of this substitute is fractional. Environmental concerns, increasing health consciousness, and fears over political or economic instability may, in the long term, give this substitute a more significant role. However, it is unlikely to threaten food retailers in the foreseeable future being both labor intensive and often involving considerable start-up capital. The threat from substitutes is assessed as weak.

Degree of rivalry

Figure 10: Drivers of degree of rivalry in the food retail industry in the United States, 2014



SOURCE: MARKETLINE   MARKETLINE

Competition is often fierce within the food retail industry. There are a number of large competitors in this market, which face stiff competition with each other. In addition, there exists a large number of independent or specialty retailers operating alongside these large incumbents.

Consumers face negligible switching costs, meaning retailers fight increased pressure to secure consumer's custom and loyalty by attempting to cut prices. Larger retailers are pushed into competitive pricing policies due to the limited level of differentiation across the basic product range. Rivalry is also increased by the close similarity of players, although they may attempt to differentiate through products and price.

Following the recent global financial crisis, customers generally tend to look for the same product in different retailers and compare prices, due to higher levels of price sensitivity. The similarity of products means that customers are not so loyal to the retailers and choose to shop elsewhere should the price be better.

Some companies operate in other industries as well. For example, Wal-Mart offers electronics, home ware, apparel, pharmaceuticals and more. This can help to absorb the temporary impact of declining food sales, or high supply price; however, food retail lies at the heart of the business for many. This basic dependency gives rise to aggressive competition.

Rivalry is assessed as strong overall.

LEADING COMPANIES

Costco Wholesale Corporation

Table 5: Costco Wholesale Corporation: key facts

Head office:	999 Lake Drive, Issaquah, Washington 98027, USA
Telephone:	1 425 313 8100
Website:	www.costco.com
Financial year-end:	August
Ticker:	COST
Stock exchange:	NASDAQ

SOURCE: COMPANY WEBSITE MARKETLINE

Costco is a US-based company that operates membership warehouses across several countries, including the US, Canada, Mexico, Puerto Rico, the UK, Korea, Taiwan, Spain, Japan and Australia.

The company operates through a single segment: warehouse operations.

Costco offers nationally branded as well as private-label products in a wide range of product lines at low prices. The company's core warehouses carry an average of approximately 3,700 active stock keeping units (SKUs) per warehouse. The company offers products under six categories: sundries, hardlines, food, softlines, fresh food, and ancillary and other services (including gas stations, pharmacy, food court, and optical). Many of the consumable products that the company sells are offered for sale in case, carton, or multiple-pack quantities only. A typical warehouse format is approximately 144,000 square feet on average with newer units being slightly larger. At the end of FY2014, Costco operated 663 warehouses worldwide, including 468 in the US and Puerto Rico, 88 in Canada, 33 in Mexico, 26 in the UK, 20 in Japan, 11 in Korea, 10 in Taiwan, six in Australia, and one in Spain.

Apart from operating warehouses, the company earns revenues through membership fees. Costco offers two types of memberships: Business and Gold Star. Business membership is offered to all businesses, including individuals with a business license, retail sales license or other evidence of business existence. Business members can add additional cardholders by paying an annual fee. Individual memberships or the Gold Star memberships are available for individuals to purchase products for personal use. Gold Star members cannot add additional cardholders. The company charges an annual fee of $55 for these memberships in its US and Canadian operations. The membership fees vary by country in its other international operations. By the end of FY2014, a total of 76,400 members were enrolled with the company.

In addition to the two core membership plans, another Executive membership is available to all Gold Star and Business paid cardholders, in the US, Canada, Mexico and the UK for an annual fee of approximately $110. This program, excluding Mexico, offers additional savings and benefits on various business and consumer services offered by Costco, such as auto and homeowner insurance, auto buying, mortgage, refinancing, identity protection, personal check printing, and/or business services (business phone services, merchant credit card processing, health and dental insurance, payroll services, business check and forms printing, among others). In addition, Executive members are given an additional 2% annual reward up to a maximum of approximately $750 per year, on all qualified purchases made at the company's warehouses.

The company procures most of the merchandise directly from manufacturers. Costco has direct buying relationships with many producers of national brand-name merchandise. Costco operates depots (cross-docking consolidation points) and routes the merchandise to these locations or directly to the warehouses. The depots receive container-based shipments from manufacturers and reallocate these goods for shipment to individual warehouses, usually in less than 24 hours. At the end of FY2014, the company operated 23 depots, consisting of approximately 9.4 million square feet.

Costco's marketing activities include community outreach programs to local businesses in new and existing markets, as well as direct mail to prospective new members. In addition, the company's ongoing promotional programs primarily relate to coupon mailers, The Costco Connection (a magazine for members), and e-mails to members promoting selected merchandise.

Costco operates e-commerce businesses through the websites costco.com in the US, costco.ca in Canada, costco.co.uk in the UK, costco.com.mx in Mexico, and offers all the merchandise available in warehouses and also additional products generally not found in the warehouses, as well as services such as photo processing, pharmacy, travel, business delivery, and membership services.

The company also operates self-service gasoline stations at many of its US and Canadian locations. Costco Wholesale Industries, a division of the company, is engaged in various manufacturing businesses, including special food packaging, optical laboratories, meat processing, and jewelry distribution.

Key Metrics

The company recorded revenues of $112,640 million in the fiscal year ending August 2014, an increase of 7.1% compared to fiscal 2013. Its net income was $2,058 million in fiscal 2014, compared to a net income of $2,039 million in the preceding year.

Table 6: Costco Wholesale Corporation: key financials ($)

$ million	2010	2011	2012	2013	2014
Revenues	77,946.0	88,915.0	99,137.0	105,156.0	112,640.0
Net income (loss)	1,303.0	1,462.0	1,709.0	2,039.0	2,058.0
Total assets	23,815.0	26,761.0	27,140.0	30,283.0	33,024.0
Total liabilities	12,885.0	14,188.0	14,622.0	19,271.0	20,509.0
Employees	147,000	164,000	160,292	184,000	195,000

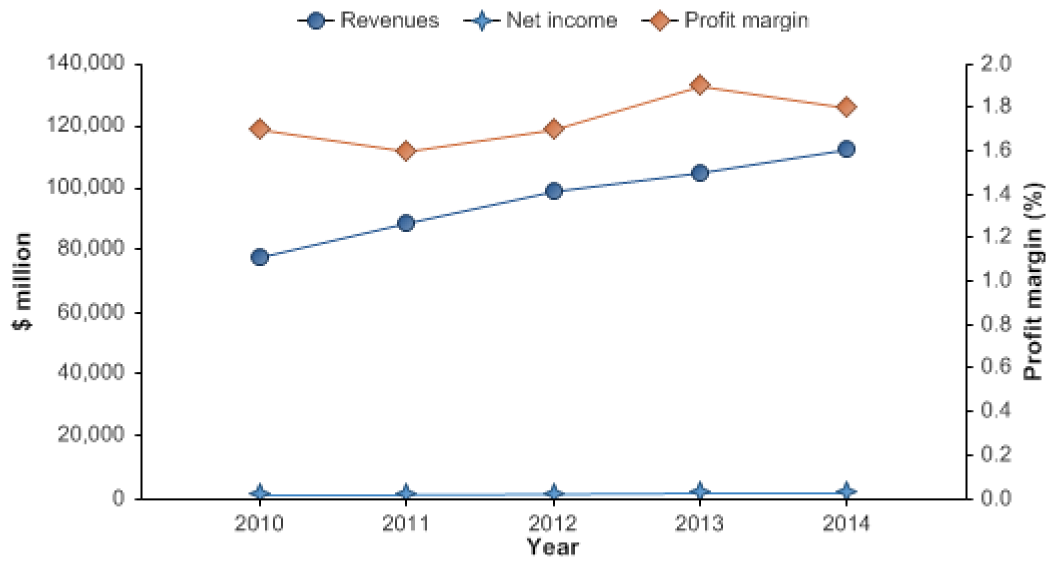
SOURCE: COMPANY FILINGS MARKETLINE

Table 7: Costco Wholesale Corporation: key financial ratios

Ratio	2010	2011	2012	2013	2014
Profit margin	1.7%	1.6%	1.7%	1.9%	1.8%
Revenue growth	9.1%	14.1%	11.5%	6.1%	7.1%
Asset growth	8.4%	12.4%	1.4%	11.6%	9.1%
Liabilities growth	7.7%	10.1%	3.1%	31.8%	6.4%
Debt/asset ratio	54.1%	53.0%	53.9%	63.6%	62.1%
Return on assets	5.7%	5.8%	6.3%	7.1%	6.5%
Revenue per employee	$530,245	$542,165	$618,478	$571,500	$577,641
Profit per employee	$8,864	$8,915	$10,662	$11,082	$10,554

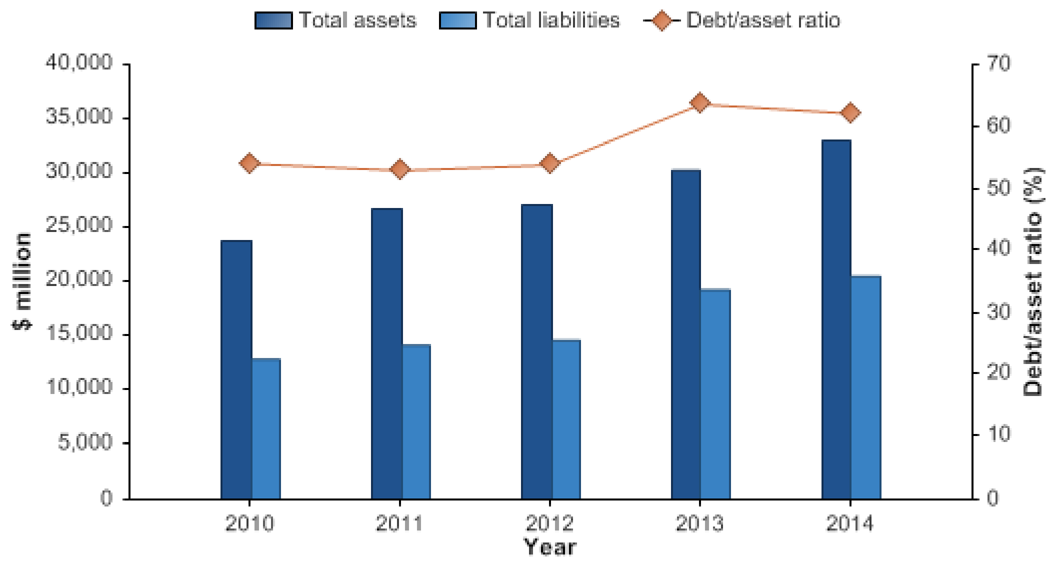
SOURCE: COMPANY FILINGS MARKETLINE

Figure 11: Costco Wholesale Corporation: revenues & profitability



SOURCE: COMPANY FILINGS MARKETLINE

Figure 12: Costco Wholesale Corporation: assets & liabilities



SOURCE: COMPANY FILINGS MARKETLINE

The Kroger Co.

Table 8: The Kroger Co.: key facts

Head office:	1014 Vine Street, Cincinnati, Ohio 45202, USA
Telephone:	1 513 762 4000
Website:	www.thekrogerco.com
Financial year-end:	January
Ticker:	KR
Stock exchange:	New York

SOURCE: COMPANY WEBSITE MARKETLINE

Kroger is one of the largest retailers in the US. It sells merchandise through supermarkets and department stores, as well as fuel stations adjoined to some of these stores. Nearly 45% of Kroger's supermarkets are operated in company-owned facilities, including some company-owned buildings on leased land. The company also manufactures and processes some of the food for sale in its supermarkets.

Kroger operates through a single segment: retail operations. The retail operations are conducted through several supermarkets formats, including combination of food and drug stores (combo stores), multi-department stores, marketplace stores, and price impact warehouses.

The combo stores are mainly food stores. These stores draw customers from a two to 2.5 mile radius. These stores have specialty departments, including natural food and organic sections, pharmacies, general merchandise, pet centers and perishables such as fresh seafood and organic produce.

Multi-department stores are larger in size than combo stores. In addition to the departments offered at a typical combo store, multi-department stores also offer a wide range of general merchandise items such as apparel, home fashion and furnishings, electronics, automotive products, toys and fine jewelry.

Marketplace stores are smaller in size than multi-department stores. These stores include full-service grocery and pharmacy, and health and beauty care departments as well as an expanded perishable offering and general merchandise area that includes apparel, home goods, and toys.

Price impact warehouse stores operate through a 'no-frills, low cost' warehouse format and feature everyday low prices and additional promotions for a wide selection of grocery and health and beauty care items. The average size of a price impact warehouse store is similar to that of a combo store.

The company also operates convenience stores and fine jewelry stores through its subsidiaries. Approximately 54% of the convenience stores operated by subsidiaries are operated in company-owned facilities. The convenience stores offer a limited assortment of staple food items and general merchandise and, in most cases, sell gasoline.

Key Metrics

The company recorded revenues of $108,465 million in the fiscal year ending January 2015, an increase of 10.3% compared to fiscal 2014. Its net income was $1,728 million in fiscal 2015, compared to a net income of $1,519 million in the preceding year.

Table 9: The Kroger Co.: key financials ($)

$ million	2011	2012	2013	2014	2015
Revenues	82,819.0	90,374.0	96,751.0	98,375.0	108,465.0
Net income (loss)	1,116.0	598.0	1,497.0	1,519.0	1,728.0
Total assets	23,505.0	23,476.0	24,652.0	29,281.0	30,556.0
Total liabilities	18,207.0	19,510.0	20,438.0	23,886.0	25,114.0
Employees	338,000	339,000	341,000	375,000	400,000

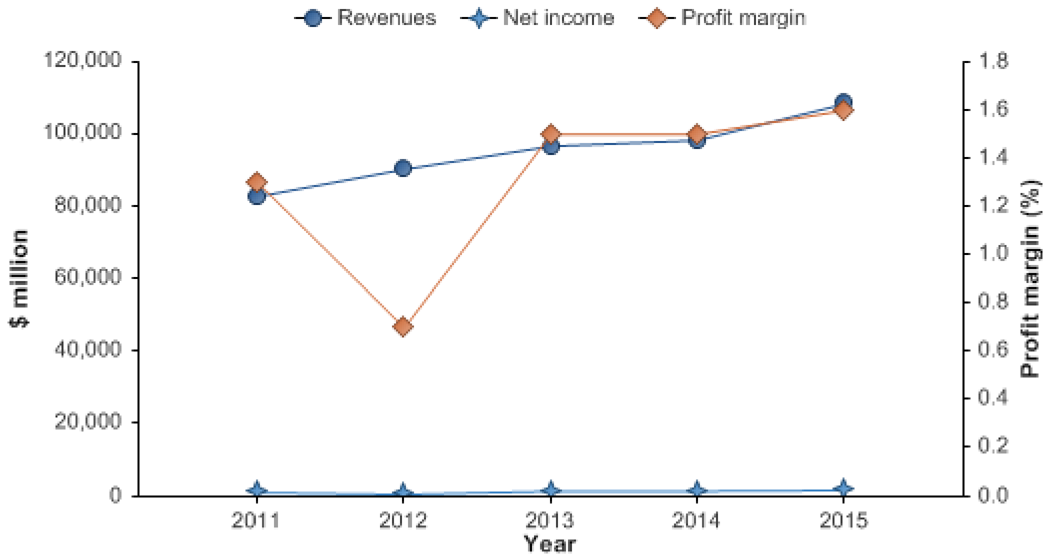
SOURCE: COMPANY FILINGS MARKETLINE

Table 10: The Kroger Co.: key financial ratios

Ratio	2011	2012	2013	2014	2015
Profit margin	1.3%	0.7%	1.5%	1.5%	1.6%
Revenue growth	7.9%	9.1%	7.1%	1.7%	10.3%
Asset growth	1.6%	(0.1%)	5.0%	18.8%	4.4%
Liabilities growth	0.0%	7.2%	4.8%	16.9%	5.1%
Debt/asset ratio	77.5%	83.1%	82.9%	81.6%	82.2%
Return on assets	4.8%	2.5%	6.2%	5.6%	5.8%
Revenue per employee	$245,027	$266,590	$283,727	$262,333	$271,163
Profit per employee	$3,302	$1,764	$4,390	$4,051	$4,320

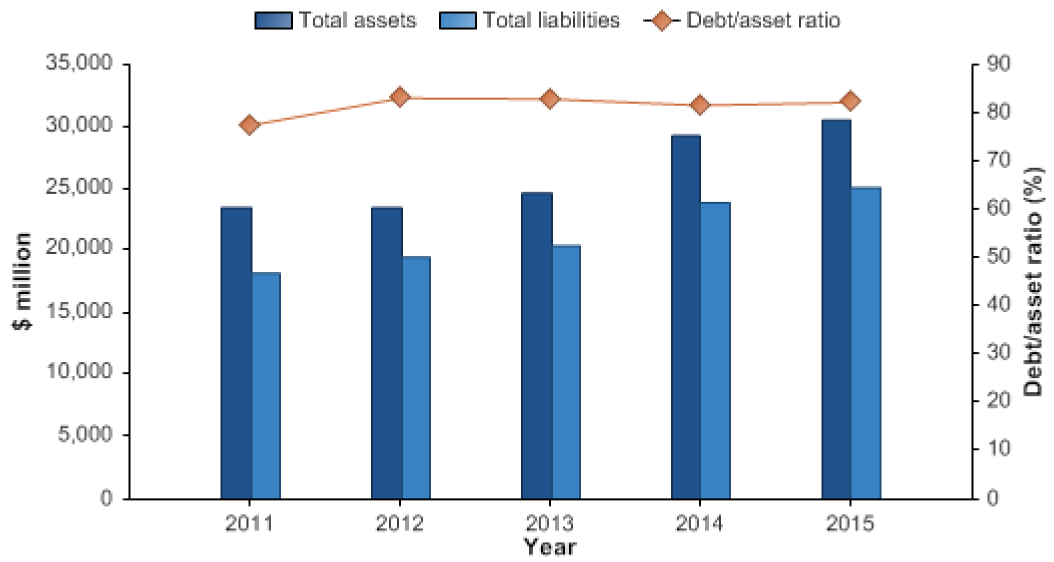
SOURCE: COMPANY FILINGS MARKETLINE

Figure 13: The Kroger Co.: revenues & profitability



SOURCE: COMPANY FILINGS MARKETLINE

Figure 14: The Kroger Co.: assets & liabilities



SOURCE: COMPANY FILINGS

MARKETLINE

Target Corporation

Table 11: Target Corporation: key facts

Head office:	1000 Nicollet Mall, Minneapolis, Minnesota 55403, USA
Telephone:	1 612 304 6073
Website:	www.target.com
Financial year-end:	January
Ticker:	TGT
Stock exchange:	New York

SOURCE: COMPANY WEBSITE MARKETLINE

Target operates large-format general merchandise and food discount stores which include Target, CityTarget and SuperTarget stores. The company offers both everyday essentials and fashionable, differentiated merchandise at its stores at discounted prices. At the end of FY2015, Target operated 1,790 stores spread across a retail space of 239,963 thousand square feet in 49 US states and the District of Columbia.

Target operates through two business segments: the US and Canada.

The US segment encompasses the company's US merchandising operations, including stores and the online business. Target general merchandise stores and CityTarget stores offer a wide assortment of general merchandise and a limited food assortment compared to that of traditional supermarkets. SuperTarget stores offer general merchandise items as well as a full line of food items compared to that of traditional supermarkets. The company also sells merchandise through its website, www.target.com. This website offers a wide range of general merchandise, including many items found in its stores and also a complementary assortment, such as extended sizes and colors, sold only online. The US segment also includes credit card servicing activities and certain centralized operating and corporate activities that are not allocated to the Canadian segment.

In addition to national brand merchandise, Target sells merchandise under several owned and exclusive brands. The company's owned brands include Archer Farms, Boots & Barkley, Circo, Embark, Gilligan & O'Malley, Merona, and Market Pantry, among others. Target's exclusive brands include Assets by Sarah Blakely, C9 by Champion, Chefmate, Cherokee, Converse One Star, and Genuine Kids from OshKosh, among others.

The company also generates revenues from in-store amenities such as Target Cafe, Target Clinic, Target Pharmacy and Target Photo. In addition, Target operates leased and licensed departments at its stores, including Target Optical, Pizza Hut, Portrait Studio and Starbucks.

The company is active in the household appliance market thanks to the range of products it stocks. These mainly consist of small domestic appliances like coffee machines, waffle makers, and toaster/grills.

On January 14, 2015, following a comprehensive assessment of Canadian operations, the company's Board of Directors approved a plan to discontinue the operation of stores in Canada. As a result of this decision, on January 15, 2015, Target Canada Co. and certain other wholly owned subsidiaries of Target (collectively Canada Subsidiaries), filed for protection under the CCAA with the Court.

Key Metrics

The company recorded revenues of $72,618 million in the fiscal year ending January 2015, which was within 0.1% of the revenue in fiscal 2014. Its net loss was $1,636 million in fiscal 2015, compared to a net income of $1,971 million in the preceding year.

Table 12: Target Corporation: key financials ($)

$ million	2011	2012	2013	2014	2015
Revenues	67,390.0	69,865.0	73,301.0	72,596.0	72,618.0
Net income (loss)	2,920.0	2,929.0	2,999.0	1,971.0	(1,636.0)
Total assets	43,705.0	46,630.0	48,163.0	44,553.0	41,404.0
Total liabilities	28,218.0	30,809.0	31,605.0	28,322.0	27,407.0
Employees	355,000	365,000	361,000	366,000	347,000

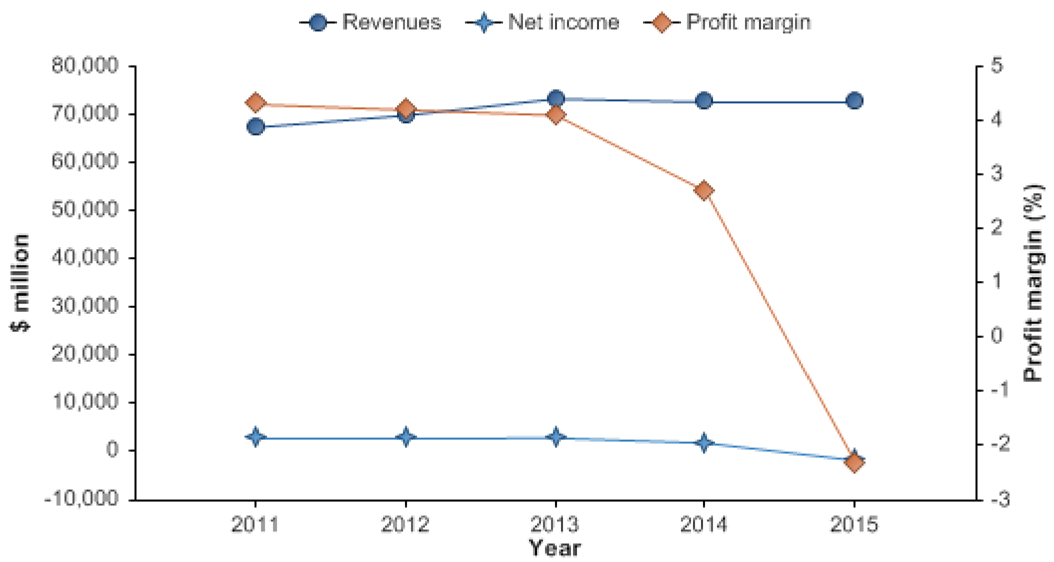
SOURCE: COMPANY FILINGS MARKETLINE

Table 13: Target Corporation: key financial ratios

Ratio	2011	2012	2013	2014	2015
Profit margin	4.3%	4.2%	4.1%	2.7%	(2.3%)
Revenue growth	3.1%	3.7%	4.9%	(1.0%)	0.0%
Asset growth	(1.9%)	6.7%	3.3%	(7.5%)	(7.1%)
Liabilities growth	(3.3%)	9.2%	2.6%	(10.4%)	(3.2%)
Debt/asset ratio	64.6%	66.1%	65.6%	63.6%	66.2%
Return on assets	6.6%	6.5%	6.3%	4.3%	(3.8%)
Revenue per employee	$189,831	$191,411	$203,050	$198,350	$209,274
Profit per employee	$8,225	$8,025	$8,307	$5,385	($4,715)

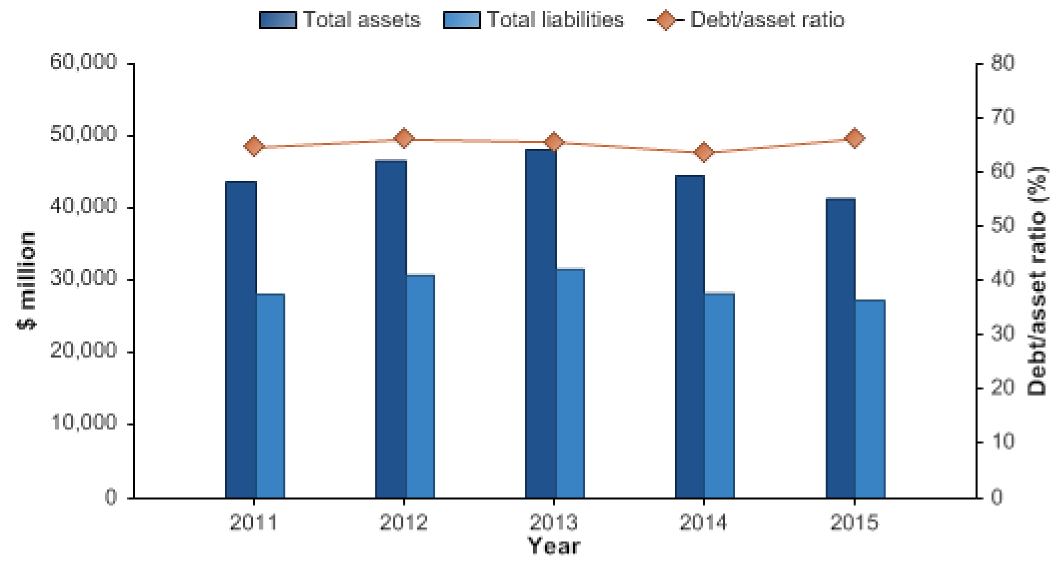
SOURCE: COMPANY FILINGS MARKETLINE

Figure 15: Target Corporation: revenues & profitability



SOURCE: COMPANY FILINGS MARKETLINE

Figure 16: Target Corporation: assets & liabilities



SOURCE: COMPANY FILINGS

MARKETLINE

Wal-Mart Stores, Inc.

Table 14: Wal-Mart Stores, Inc.: key facts

Head office:	702 Southwest 8th Street, Bentonville, Arkansas 72716, USA
Telephone:	1 479 273 4000
Website:	www.walmart.com
Financial year-end:	January
Ticker:	WMT
Stock exchange:	New York

SOURCE: COMPANY WEBSITE MARKETLINE

Wal-Mart is one of the largest retail companies in the world. The company operates retail stores in various formats worldwide. The company also offers its products through various e-commerce websites, including walmart.com and samsclub.com. Wal-Mart offers a broad merchandise assortment at everyday low prices (EDLP).

The company operates through three business segments: Walmart US, Walmart international and Sam's Club.

Walmart US operates four different retail formats: supercenters, discount stores, neighborhood markets and other small formats. The segment has retail operations in all 50 US states, Washington DC and Puerto Rico. At the end of FY2014, the company operated 3,288 supercenters (with an average store size of approximately 179,000 square feet) in 48 US states, Washington DC and Puerto Rico; 508 discount stores (with an average store size of 105,000 square feet) in 43 US states and Puerto Rico; and 407 neighborhood markets and other small format stores (with an average store size of 40,000 square feet) in 31 US states and Puerto Rico. The segment also markets its products through its e-commerce website www.walmart.com. Walmart US stores offer branded as well as private label merchandise across various product categories, including grocery, entertainment, hardlines, apparel, health and wellness, home, books and toys and games. These stores also offer financial services and related products, including money order services, prepaid cards, wire transfers, check cashing and bill payment.

The retail operations of Walmart US are supported by 132 distribution facilities spread across the US. Of these facilities, the company owned and operated 102 facilities, the company owned and third parties operated two facilities, and the company leased and operated three facilities. The remaining facilities were owned and operated by third parties. Few of these distribution centers also service Wal-Mart's Sam's Club for certain items. During FY2014, these distribution centers shipped approximately 80% of the merchandise purchased by Walmart US. The remaining merchandise was shipped directly by the suppliers to the company's stores.

Walmart international operates retail units across 26 countries in several formats, as well as banks that provide consumer financing programs on a limited basis. This segment comprises wholly-owned subsidiaries operating in Argentina, Brazil, Canada, China, India, Japan and the UK. It also includes Wal-Mart's majority-owned subsidiaries in 12 countries in Africa, five countries in Central America, Chile, China and Mexico. The company also operates through joint ventures and other controlled subsidiaries in China. The operating formats include discount stores, supermarkets, supercenters, hypermarkets, retail websites, warehouse clubs, restaurants, apparel stores, drug stores and convenience stores. The size of the retail centers operated by the segment ranges from 5,000 square feet to 250,000 square feet and the size of the wholesale stores ranges from 35,000 square feet to 70,000 square feet. The company also operates restaurants, drugstores and convenience stores in Brazil, Chile, Japan, Mexico and the UK, which range up to 4,200 square feet in size.

Walmart international's retail operations are supported by 151 distribution facilities located in Argentina, Brazil, Canada, Central America, Chile, China, Japan, Mexico, South Africa and the UK. Of these 151 distribution facilities, the company owned and operated 42 facilities, the company owned and third parties operated 11 facilities, the company leased and operated 62 facilities, while the remaining facilities were operated by third parties. Wal-Mart distributes both imported and domestic products to the international retail stores through these distribution facilities. During FY2014, approximately 80% of the international segment's purchases were shipped from these distribution facilities.

Sam's Club operates Wal-Mart's membership warehouse clubs in the US and Puerto Rico. The segment also sells its merchandise through www.samsclub.com website. At the end of FY2014, Wal-Mart operated 632 clubs (with an average store size of approximately 134,000 square feet) in 48 US states and Puerto Rico. Sam's Club serves both individuals and businesses. The segment offers brand name merchandise, including hardgoods, some softgoods and selected private-label items under the Member's Mark brand and four proprietary brands (Artisan Fresh, Bakers & Chef, Daily Chef and Simply Right). Sam's Club warehouses offer its merchandise under the following categories: grocery and consumables, fuel and other, home and apparel, technology, office and entertainment, and health and wellness.

The company operates 23 distribution facilities across the continental US to support Sam's Club segment's retail operations. Of these, the company owned and operated eight facilities, while the remaining facilities were owned and operated by third parties. During FY2014, approximately 64% of the segment's non-fuel purchases were shipped from these distribution centers; the balance merchandise was shipped directly by the suppliers to the warehouses. Sam's Club uses a combination of its private truck fleet and common carriers to transport non-perishable merchandise from distribution centers to clubs.

Key Metrics

The company recorded revenues of $485,651 million in the fiscal year ending January 2015, an increase of 2.0% compared to fiscal 2014. Its net income was $16,363 million in fiscal 2015, compared to a net income of $16,022 million in the preceding year.

Table 15: Wal-Mart Stores, Inc.: key financials ($)

$ million	2011	2012	2013	2014	2015
Revenues	418,952.0	446,950.0	469,162.0	476,294.0	485,651.0
Net income (loss)	16,389.0	15,699.0	16,999.0	16,022.0	16,363.0
Total assets	180,663.0	193,406.0	203,105.0	204,751.0	203,706.0
Total liabilities	109,416.0	117,241.0	121,367.0	123,412.0	117,769.0
Employees	2,100,000	2,200,000	2,200,000	2,200,000	2,200,000

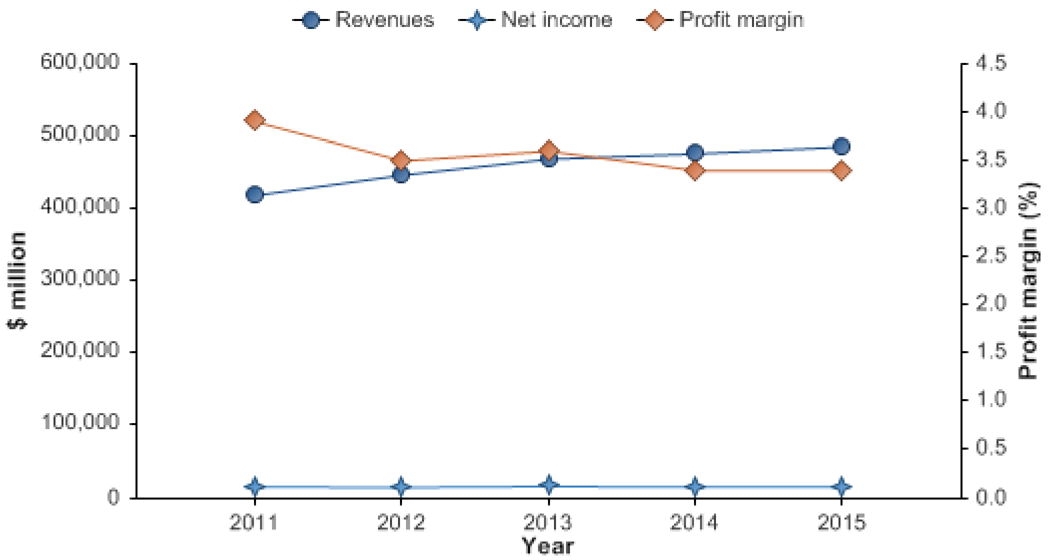
SOURCE: COMPANY FILINGS MARKETLINE

Table 16: Wal-Mart Stores, Inc.: key financial ratios

Ratio	2011	2012	2013	2014	2015
Profit margin	3.9%	3.5%	3.6%	3.4%	3.4%
Revenue growth	2.6%	6.7%	5.0%	1.5%	2.0%
Asset growth	5.8%	7.1%	5.0%	0.8%	(0.5%)
Liabilities growth	9.5%	7.2%	3.5%	1.7%	(4.6%)
Debt/asset ratio	60.6%	60.6%	59.8%	60.3%	57.8%
Return on assets	9.3%	8.4%	8.6%	7.9%	8.0%
Revenue per employee	$199,501	$203,159	$213,255	$216,497	$220,750
Profit per employee	$7,804	$7,136	$7,727	$7,283	$7,438

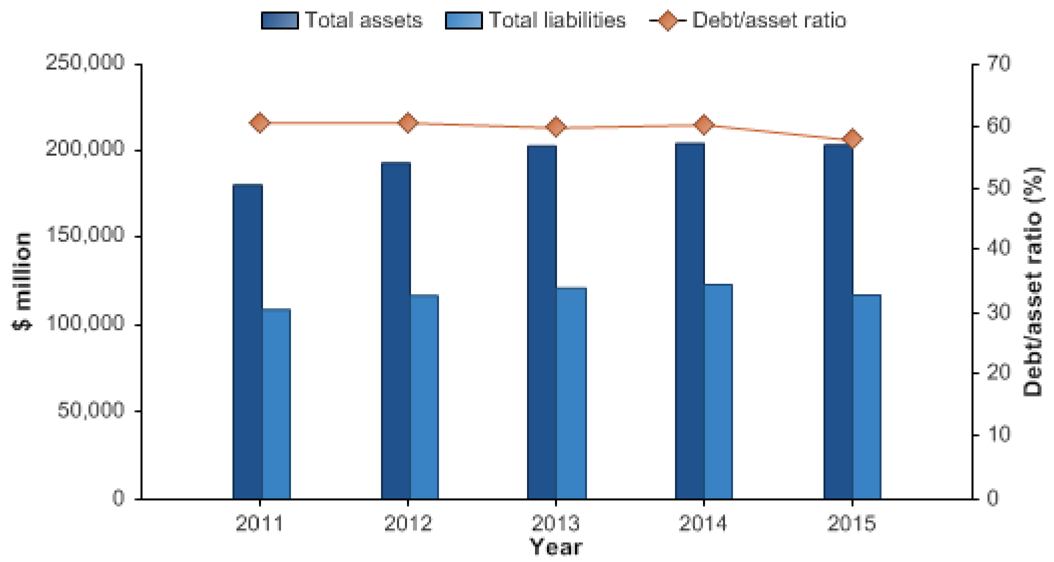
SOURCE: COMPANY FILINGS MARKETLINE

Figure 17: Wal-Mart Stores, Inc.: revenues & profitability



SOURCE: COMPANY FILINGS MARKETLINE

Figure 18: Wal-Mart Stores, Inc.: assets & liabilities



SOURCE: COMPANY FILINGS　　　　MARKETLINE

MACROECONOMIC INDICATORS

Country Data

Table 17: United States size of population (million), 2010–14

Year	Population (million)	% Growth
2010	309.3	0.8%
2011	311.6	0.7%
2012	313.9	0.7%
2013	316.4	0.8%
2014	318.9	0.8%

SOURCE: MARKETLINE MARKETLINE

Table 18: United States gdp (constant 2005 prices, $ billion), 2010–14

Year	Constant 2005 Prices, $ billion	% Growth
2010	13,597.2	2.5%
2011	13,815.0	1.6%
2012	14,135.6	2.3%
2013	14,449.3	2.2%
2014	14,799.6	2.4%

SOURCE: MARKETLINE MARKETLINE

Table 19: United States gdp (current prices, $ billion), 2010–14

Year	Current Prices, $ billion	% Growth
2010	14,964.4	3.8%
2011	15,517.9	3.7%
2012	16,163.2	4.2%
2013	16,768.1	3.7%
2014	17,420.2	3.9%

SOURCE: MARKETLINE MARKETLINE

Table 20: United States inflation, 2010–14

Year	Inflation Rate (%)
2010	1.6%
2011	3.2%
2012	2.1%
2013	1.5%
2014	1.8%

SOURCE: MARKETLINE

MARKETLINE

Table 21: United States consumer price index (absolute), 2010–14

Year	Consumer Price Index (2005 = 100)
2010	111.7
2011	115.2
2012	117.6
2013	119.3
2014	121.5

SOURCE: MARKETLINE

MARKETLINE

Table 22: United States exchange rate, 2010–14

Year	Exchange rate (€/$)
2010	1.3279
2011	1.3912
2012	1.2856
2013	1.3281
2014	1.3290

SOURCE: MARKETLINE

MARKETLINE

METHODOLOGY

MarketLine Industry Profiles draw on extensive primary and secondary research, all aggregated, analyzed, cross-checked and presented in a consistent and accessible style.

Review of in-house databases – Created using 250,000+ industry interviews and consumer surveys and supported by analysis from industry experts using highly complex modeling & forecasting tools, MarketLine's in-house databases provide the foundation for all related industry profiles

Preparatory research – We also maintain extensive in-house databases of news, analyst commentary, company profiles and macroeconomic & demographic information, which enable our researchers to build an accurate market overview

Definitions – Market definitions are standardized to allow comparison from country to country. The parameters of each definition are carefully reviewed at the start of the research process to ensure they match the requirements of both the market and our clients

Extensive secondary research activities ensure we are always fully up-to-date with the latest industry events and trends

MarketLine aggregates and analyzes a number of secondary information sources, including:

- National/Governmental statistics
- International data (official international sources)
- National and International trade associations
- Broker and analyst reports
- Company Annual Reports
- Business information libraries and databases

Modeling & forecasting tools – MarketLine has developed powerful tools that allow quantitative and qualitative data to be combined with related macroeconomic and demographic drivers to create market models and forecasts, which can then be refined according to specific competitive, regulatory and demand-related factors

Continuous quality control ensures that our processes and profiles remain focused, accurate and up-to-date

Industry associations

Global Food Marketing Institute

655 15th Street, NW, Washington DC, 20005, USA

Tel.: 1 202 452 8444

Fax: 1202 429 4519

www.fmi.org

CIES — The Food Business Forum

7, rue de Madrid 75008 Paris, FRA

Tel.: 33 1 4469 8484

Fax: 33 1 4469 9939

www.ciesnet.com

CNDL - Confederação Nacional de Dirigentes Lojistas

SRTVN Quadra 701 Centro Empresarial Norte - Bloco B, Sala 337 Brasilia, DF 70.710-200, BRA

Tel.: 55 61 3213 2000

Fax: 55 61 3213 2009

www.cndl.org.br

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Industry Profile

Global Food Retail

Food Retail in Europe

Food Retail in Asia-Pacific

Food Retail in Germany

APPENDIX

About MarketLine

In an information-rich world, finding facts you can rely upon isn't always easy. MarketLine is the solution.

We make it our job to sort through the data and deliver accurate, up-to-date information on companies, industries and countries across the world. No other business information company comes close to matching our sheer breadth of coverage.

And unlike many of our competitors, we cut the 'data padding' and present information in easy-to-digest formats, so you can absorb key facts in minutes, not hours.

What we do

Profiling all major companies, industries and geographies, MarketLine is one of the most prolific publishers of business information today.

Our dedicated research professionals aggregate, analyze, and cross-check facts in line with our strict research methodology, ensuring a constant stream of new and accurate information is added to MarketLine every day.

With stringent checks and controls to capture and validate the accuracy of our data, you can be confident in MarketLine to deliver quality data in an instant.

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