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RESEARCH

Global retailers entered 25 new markets in Q1: Accenture

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By ERIN SHEA

Retailers from around the world entered 25 new markets in 22 countries during the first quarter of 2013, according to new research from Accenture.

The Accenture Globalization Index found that retailers entered a number of mature and emerging markets this quarter including Brazil, China, Chile, Columbia, Denmark, Egypt, Hungary, Malaysia, Qatar, South Africa, Thailand and others. Global retail expansion is expected to continue due to the competition retailers face in their home markets.

“The big story from the first quarter of 2013 was the increase in retailers based in emerging markets looking to globalize their business,” said Julian Allen, global retail research lead at Accenture, London.

“Globalization in retail is certainly not one-way traffic from developed to emerging markets," he said. "These new entrants will make any market that they enter more competitive.”

The Accenture Globalization Index Q1 2013 encompasses the top 239 retailers by non-food sales, which achieved sales of $750 million in 2011. Planet Retail offered its global retail intelligence to facilitate Accenture’s analysis of market entries and the impact on global view of retail strategy.

Global expansion
The number of markets that retailers entered during the first quarter of 2013, which ran Jan. 16–April 15, increased from 17 new market entries during the previous quarter, Oct. 16, 2012 – Jan. 15.

Four of these new market entries were made by retailers going into the six key markets in Asia, which are China, Indonesia, Kazakhstan, Malaysia, Pakistan and Thailand.

Bloomingdale's Chinese site

Furthermore, 20 percent of all market entries during the first quarter were made by retailers that are based in emerging markets, compared to no emerging market-based retailer expansion during the previous quarter.

Even though there was more expansion this quarter, foreign retailers did not expand into the United States. The report found that there were no market entries by large foreign retailers into the U.S. during the first quarter.

In addition, luxury retailers are usually the first to enter into new markets.

“Luxury retailers are often the first to enter a new market because they are catering to a small, elite group of customers who are very wealthy and want to buy luxury goods to demonstrate their status,” Mr. Allen said.

New frontiers
Many fashion marketers are now seeking new areas to open retail locations.

For instance, Kering-owned Saint Laurent Paris’ plans for a new flagship store in United Arab Emirates capital Abu Dhabi will help the French fashion house strengthen customer relationships in a market with concentrated wealth.

Thanks to China’s luxury consumption boom and 2012’s other emerging BRIC markets, fashion marketers are thinking globally in their retail strategy and tapping new markets. One area of the world that should not be ignored this year is the United Arab Emirates, which boasts prosperous cities and young, wealthy shoppers (see story).

In addition, luxury conglomerate Richemont saw a boost in sales due to its strong presence in Asian markets.

Richemont attributed its full-year sales increase to demand in China and Asia-Pacific, contributions from currencies and exchange rates and the broad growth from its brands across all regions. The conglomerate reported a 14 percent increase in annual sales to approximately $13 billion in 2012, compared to last year's sales of $11.4 billion.

Richemont also reported that its profits for the year are up 30 percent to $2.6 billion from $2 billion in the previous year, much of which can be attributed to the sales in Asia-Pacific (see story).

Richemont-owned Cartier flagship in Hong Kong

Luxury brands tend to seek out expansion into markets where there are areas of affluent consumers.

"Luxury retailers were very early entrants into Russia and China, and now they are simply increasing their stores numbers in those countries, particularly in China," Mr. Allen said.

"We are continuing to see luxury retailers moving into new markets wherever they see that there is a growing number of high-net-worth individuals," he said.

Final take

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