

**ANALYSIS**

# Making the most of global grocery opportunities

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**THE TOP 15** global grocery markets are poised to grow by 34% and be worth \$8trn (£5.2trn) by 2020, the latest IGD forecasts show.

Asia, the Middle East and Africa, and Latin America will account for more than 70% of the world's grocery growth over the next five years, so what are the opportunities for British retailers?

**Asia**

The China and India markets combined will be worth \$2.4trn (£1.56trn) by 2020.

China is the biggest grocery market in the world. Growth in 'lower tier' middle-income cities and more mergers and acquisitions are expected to be key influences shaping this market.

India, the third-largest global grocery market, has plenty of potential but has proved challenging for international retailers to date. This is because of the strength of local traditional trade and legislative restrictions on international investment.

In both countries there is a great opportunity for online retailing in key cities and for international

brands. Marks & Spencer, for example, has recently reported impressive growth via Alibaba's Tmall.com digital marketplace in China.

**Middle East & Africa**

Although two very distinct regions, with diverging trends, both share a common theme of positive long-term growth.

Despite limited modern retailing across much of Africa, it holds lots of potential. But a one-size-fits-all approach cannot be applied.

South Africa will retain a key influence on the southern part of the continent, even with its present economic slowdown. Meanwhile Nigeria, despite security and infrastructure challenges, will grow in its role as the powerhouse of West Africa.

Many UK retailers are now present in the Middle East, though mainly in non-food. In food retailing, Waitrose's collaboration with local operator Spinneys to

**China is already the world's biggest grocery market and future growth is forecast**

open Waitrose-branded stores in Dubai and Abu Dhabi is evidence of the opportunity.

Exporting private label is another route to growth. Waitrose is working with Kuwait-based Sultan Center and Tesco is marketing its ranges with Choithram in the UAE and with Cozmo in Jordan.

**Latin America**

There is at present much focus on Brazil ahead of next year's Rio Olympics, but Mexico should not be overlooked. Its grocery market will be worth more than Germany or France by 2020.

Of the international retailers, Casino, Carrefour and Walmart are

making the most impact in Latin America. But more specialist operators, such as Lush and Brewdog, are flying the flag for Britain in this region.

**Keys to growth**

For UK retailers there are three key opportunities:

- Expanding private label ranges: UK retailers have some of the best private label products on the planet;
- Franchising with local partners: For those that can demonstrate the resonance of their brands and formats internationally, this can be a low-risk route to growth;
- Making the most of a specialism: There is plenty of growth potential for quality brands that are able to demonstrate local relevance.

**\$8trn**Estimated value of  
global grocery  
sector by 2020