

Asia-Pacific Food Retailing: Opportunities and Implications

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Abstracts

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The Growth of Asia Food Retailing Opportunities and Implications

BMI View: The spread of organised grocery retail will continue to gather pace among Asian Pacific economies. This trend, however, is particularly pronounced in the region's emerging markets, as rapid urbanisation and an ongoing liberalisation of retail foreign direct investment (FDI) regulations encourage growth in organised grocery retail sales. Examining the relative attractiveness of organised grocery retail markets, we highlighted three distinct groups in the Asia Pacific region and concluded that the most exciting long-term growth opportunities lie with the underdeveloped retail markets of India, Indonesia and Vietnam.

As the concept of organised retail gets more entrenched in emerging Asian economies, we also aim to examine in this report the impact of an ongoing spread of organised retail on various key stakeholders, which includes traditional retailers, consumers, suppliers as well as farmers.

While we see the proliferation of organised retail as a blessing for emerging market consumers, providing benefits such as cost savings and the assurance of quality, the same certainly cannot be said for traditional retailers and smaller suppliers as they face increasing pressure on their market share and bottom line.

In addition, with the world's leading organised grocery retail players all vying for a share of the Asian retail pie, we assess the relative growth prospects of global retailers in emerging Asian retail markets and take into account three key considerations, namely

the retailers' existing Asian exposure, their growth strategies in Asia and financing capacities. In our opinion, Wal-Mart and Tesco are the most well-positioned in Asia, given their growth strategies and massive financing capacities, and should continue to enjoy considerable success from their expansionary efforts going forward.

Japan, Australia, South Korea, Hong Kong, Singapore and Taiwan: Developed organised grocery retail markets are fast approaching saturation point and will gradually lose their appeal in the near-to-medium term.

China, Thailand and Malaysia: Rapid urbanisation and continued FDI translate into fantastic long-term opportunities for organised grocery retail sales.

Indonesia, Philippines, Vietnam, India, Cambodia and Pakistan: Underdeveloped nature of organised grocery retail sectors leave massive scope for growth and a gradual liberalisation of FDI regulations should further stimulate organised grocery retail sales growth.

BMI Industry Forecasts

China Organised Grocery Retail Sales Forecast To 2015 = Growth of 51.6%

India Organised Grocery Retail Sales Forecast To 2015 = Growth of 91.3%

Indonesia Organised Grocery Retail Sales Forecast To 2015 = Growth of 53.4%

Vietnam Organised Grocery Retail Sales Forecast To 2015 = Growth of 54.9%

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Asia Sales

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