

Retail

Sep 2017

Executive Summary

Global Overview

Global retail sales reached USD14trn in 2016 (Euromonitor, 2017). The industry is forecast to reach USD16trn in 2021 and is expected to grow by 2.6% (y-o-y) between 2017 and 2021. The main growth drivers will be internet retailing and mobile internet retailing that are expected to grow by 12% and 17% respectively between 2017 and 2021. The United States was the leading global retail sales market in 2016 valued at USD3trn followed by China (USD2.1trn). Store based retailing was valued at USD12trn in 2016 accounting for 89% of total retailing. Grocery retailers was the largest category of store based retailing accounting for 46%.

South African Overview

South Africa's retail sector was valued at USD62.6bn in 2016 (Euromonitor, 2017). The sector is expected to grow by 2.4% over the forecast period from 2017 to 2021. The South African retail sector is growing and is highly consolidated, currently dominated by a handful of very large firms, often referred to as the "Big Five": Shoprite, Pick 'n Pay, SPAR, Massmart, and Woolworths. Supermarkets are the dominant channels that grocery retailers use to provide goods to consumers accounting for 47% of all channels used in 2016. South Africa is the largest African market for grocery retail sales in 2016 and the second largest in terms of retailing after Egypt. Although internet retailing accounted for only a small share of value sales in retailing during the review period, many of South Africa's retailers continued to improve their digital presence by investing in internet retailing facilities, especially websites that are mobile-friendly.

Western Cape Overview

The Western Cape's wholesale and retail trade sector was the second largest contributor to the Western Cape economy valued at ZAR59bn in 2016. Business services was the largest contributor to Western Cape's economy. The wholesale and retail trade sector contributed 15% to the Western Cape economy in 2016. The province's wholesale and retail trade sector grew by an average annual rate of 2.6% between 2007 and 2016. The Western Cape has the highest concentration of wholesale and retail trade of food companies head offices followed by Gauteng.

Investment

South Africa was the largest global source market for retail by projects into Africa accounting for 12% followed by France (9.5%). South Africa was also the largest African destination market for retail by projects accounting for 17% followed by Egypt (16%).

Between 2003 and 2016 a total of 59 FDI projects were recorded from the Western Cape by retail. These projects represent a total capital investment of USD1.14bn which is an average investment of USD19.30m per project. During the period, a total of 8,974 jobs were created. Nigeria was the Western Cape's largest retail destination for FDI with 11 investment projects between 2003 and 2016. This was followed by Angola and Zambia with 8 and 7 investment projects respectively.

The Western Cape was the largest global investor by province into Africa by retail, accounting for 7.3% of FDI projects between 2003 and 2016. Between 2003 and 2016 a total of 18 FDI projects were recorded into the Western Cape's retail. These projects represent a total capital investment of USD271.30m which is an average investment of USD15.10m per project. During the period, a total of 1,744 jobs were created. The United States has been the largest investor into the Western Cape's retail accounting for 36%.

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1. Sector Overview

Retailing refers to the sales of new and used goods to the general public for personal or household consumption. It excludes specialist retailers of motor vehicles, motorcycles, vehicle parts, fuel, foodservice, rental and hire and wholesale industries (Cash and Carry) (Euromonitor, 2017).

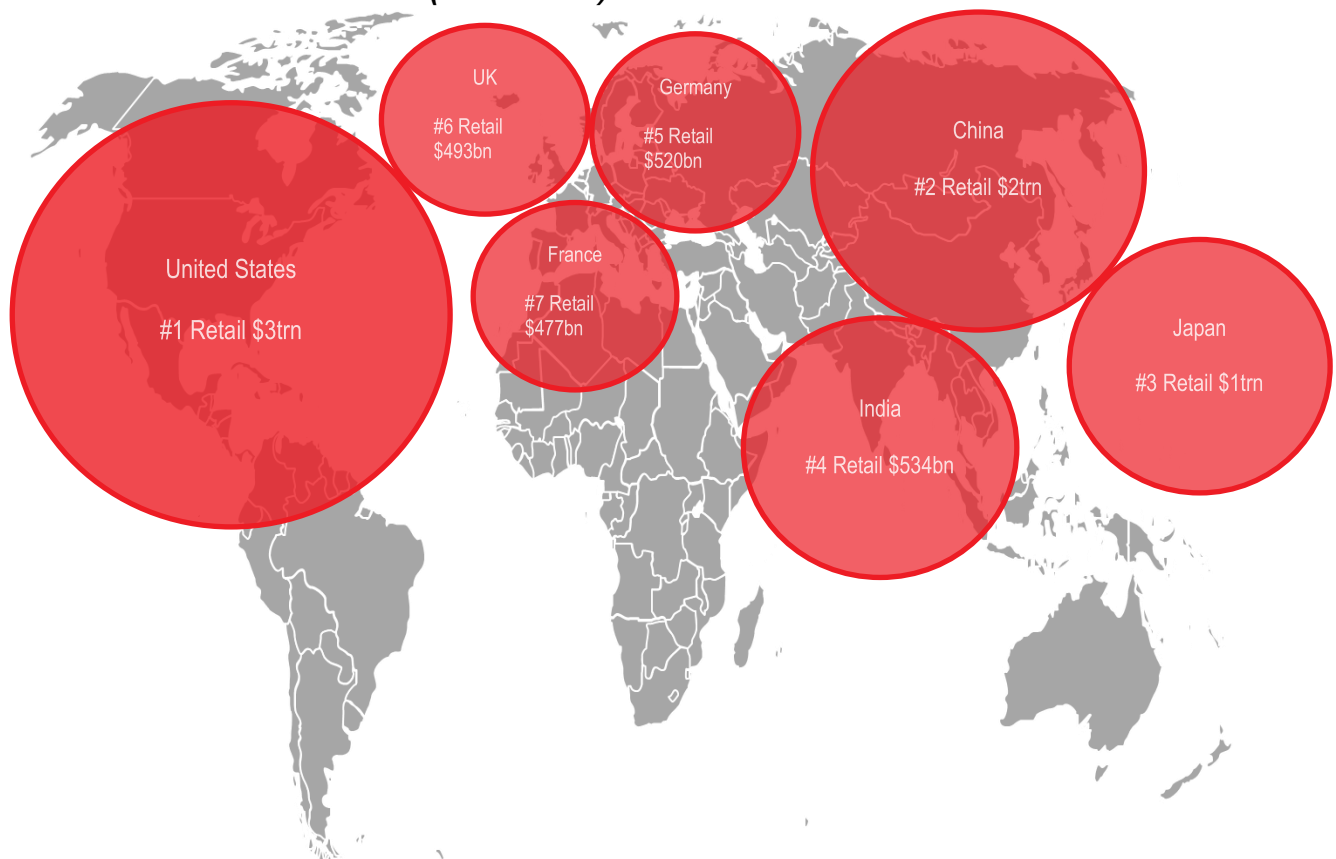
Retailing is the aggregation of store-based retailing and non-store retailing. **Store-based Retailing** is the aggregation of grocery retailers and non-grocery specialists, mixed retailers, luxury retailers, and off price retailing. Sales of new and used goods to the general public for personal or household consumption from retail outlets or market stalls. **Non-Store Retailing** refers to the retail sale of new and used goods to the general public for personal or household consumption from locations other than retail outlets or market stalls. For the purposes of this study, non-store retailing is the aggregation of direct selling, home shopping internet retailing, vending, internet pure play retailers and mobile internet retailing (Euromonitor, 2017).

Apart from giving an overview of retailing, this paper will also give a special focus on grocery retailing. **Grocery Retailers:** Retailers selling predominantly food/beverages/tobacco and other everyday groceries. This is the aggregation of hypermarkets, supermarkets, discounters, convenience stores, independent small grocers, chained forecourt retailers, independent forecourt retailers, food/drink/tobacco specialists and other grocery retailers (Euromonitor, 2017).

2. Global Overview

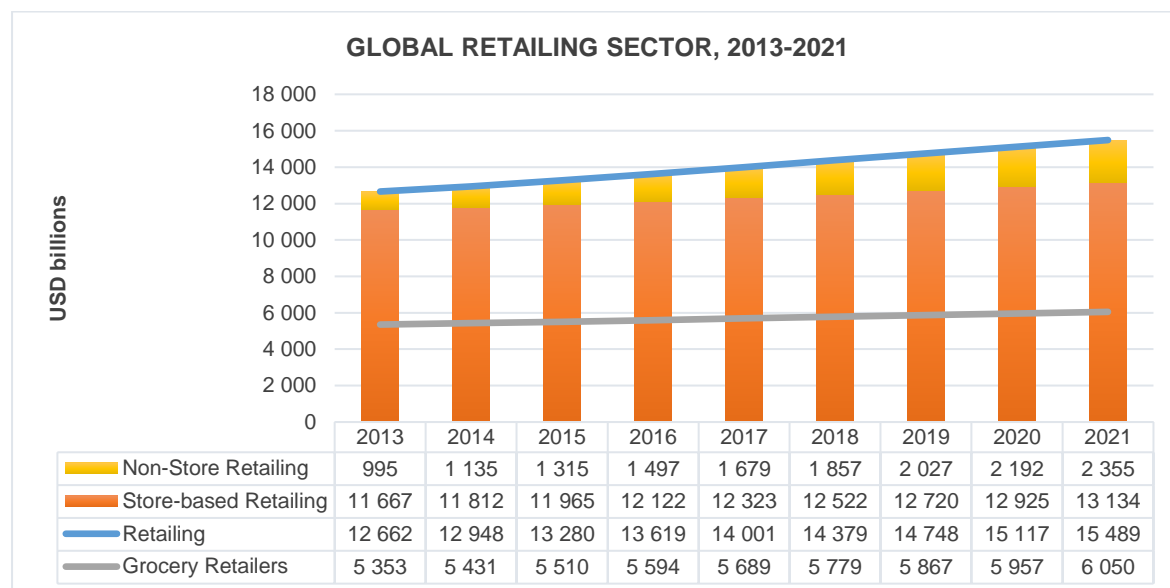
Global retail sales reached USD14trn in 2016. The industry is forecast to reach USD16trn in 2021 and is expected to grow by 2.6% (y-o-y) between 2017 and 2021. The main growth drivers will be internet retailing and mobile internet retailing that are expected to grow by 12% and 17% respectively between 2017 and 2021. The United States was the leading global retail sales market in 2016 valued at USD3trn followed by China (USD2.1trn), Japan (USD1trn), India (USD533bn), Germany (USD520bn) and the United Kingdom (USD493bn). South Africa was ranked the 35th largest global retailer, the 2nd largest retailer in Africa and the largest grocery retailer in Africa in 2016 (Euromonitor, 2017).

TOP 7 Global Retail Markets (US Millions) 2016



Source: Euromonitor, 2017

Store based retailing was valued at USD12trn in 2016 accounting for 89% of total retailing, while non-store was valued at USD11trn. Grocery retailer was the largest category of store based retailing accounting for 46%. Non-store based retailing is expected to be the fastest growing category during the forecast period, with 9.5% between 2017 and 2021.



Source: Euromonitor, 2017

The top 20 global retail companies by retail value in 2016 are shown below.

Global Retail Companies by Retail Value in 2016				
Rank	Retailing	2016 (USDm)	Grocery Retailers	2016 (USDm)
1	Wal-Mart Stores Inc	460 612	Wal-Mart Stores Inc	354 589
2	Amazon.com Inc	225 461	Kroger Co	104 071
3	Alibaba Group Holding Ltd	159 761	Schwarz Beteiligungs GmbH	95 675
4	CVS Health Corp	121 798	Carrefour SA	89 132
5	Kroger Co	104 581	Aldi Group	77 507
6	Walgreens Boots Alliance Inc	103 370	Ahold Delhaize	66 158
7	Schwarz Beteiligungs GmbH	95 798	Tesco Plc	65 861
8	Carrefour SA	92 957	Seven & I Holdings Co Ltd	63 940
9	Seven & I Holdings Co Ltd	87 949	Auchan Group SA	59 203
10	Costco Wholesale Corp	84 712	Edeka Zentrale AG & Co KG	55 283
11	Aldi Group	77 507	Albertson's Inc	54 671
12	eBay Inc	76 124	Rewe Group	41 842
13	Target Corp	75 789	Woolworths Ltd (Australia)	35 151
14	JD.com Inc	74 110	Casino Guichard-Perrachon SA	34 459
15	Tesco Plc	71 584	Publix Super Markets Inc	33 440
16	Ahold Delhaize	69 643	ITM Entreprises SA	33 413
17	Home Depot Inc, The	66 527	E Leclerc	32 481
18	AEON Group	64 363	Internationale Spar Centrale BV	32 271
19	Auchan Group SA	61 816	J Sainsbury Plc	27 904
20	Apple Inc	56 901	Wesfarmers Ltd	27 738

Source: Euromonitor, 2017

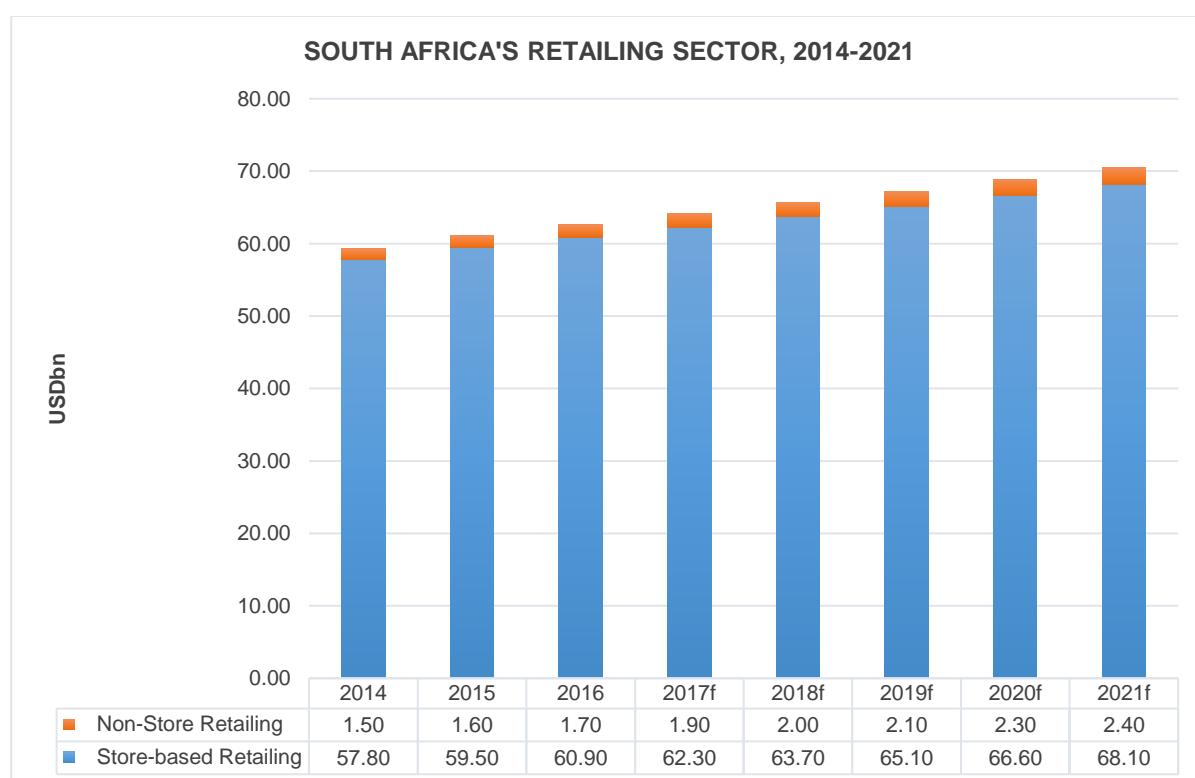
3. South Africa Retail Overview

3.1 Industry Overview

South Africa's retail sector was valued at ZAR62.6bn in 2016. The sector is expected to grow by 2.4% over the forecast period 2017 to 2021. The South African retail sector is growing and is highly consolidated, currently dominated by a handful of very large firms, often referred to as the "Big Five": Shoprite, Pick 'n Pay, SPAR, Massmart, and Woolworths. The large retailers operate on a mixed model of store ownership: large, company-owned stores supplemented by a number of franchised stores which provide both a lower risk and a lower return. The exception, Woolworths, now operates only corporate-owned stores (Who Owns Whom, 2017; Euromonitor, 2017).

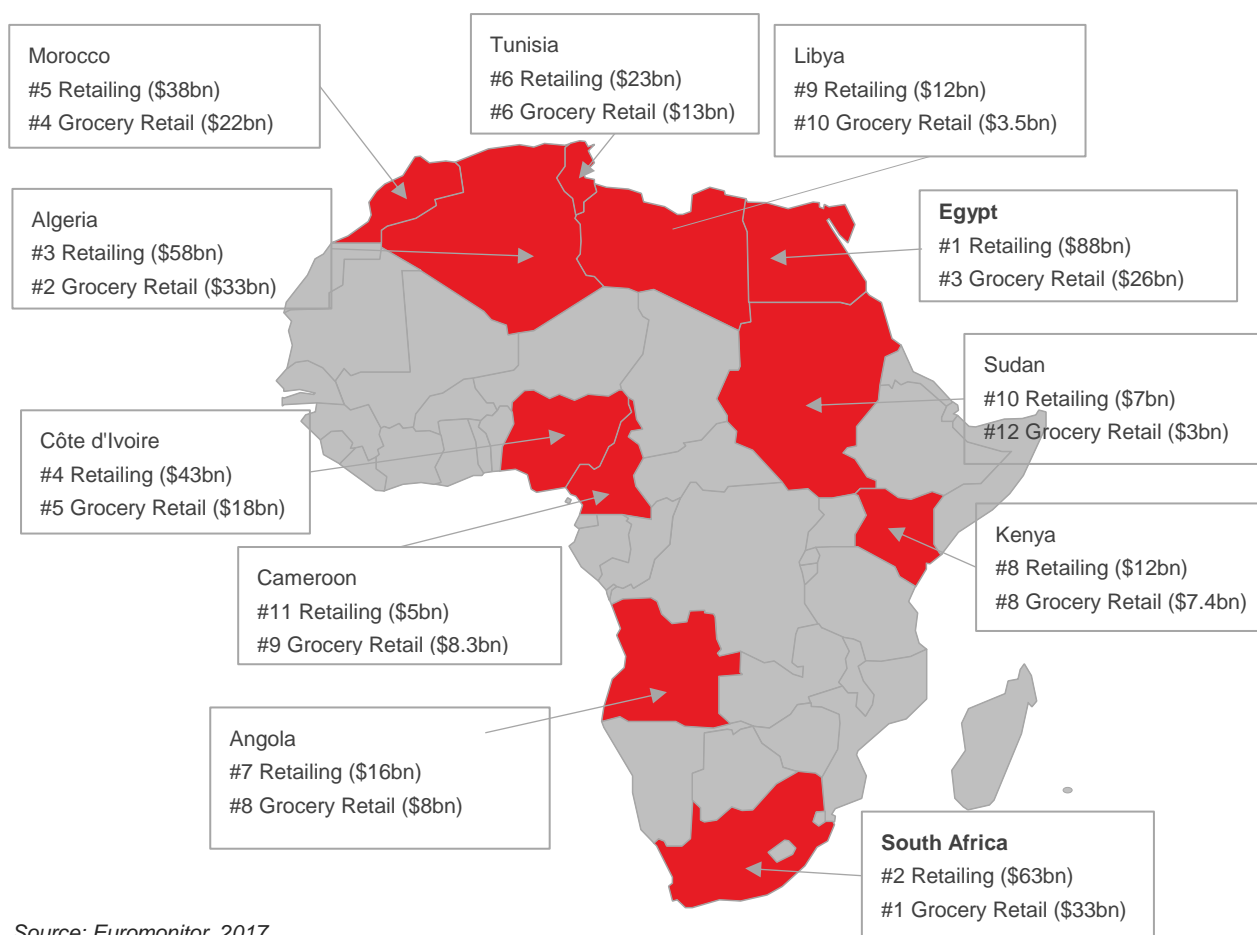
Despite economic challenges in 2016, many South African consumers remain aspirational, with demand remaining strong for essential fmcg, especially products which are in line with global trends. As a result of consistent demand from consumers, retail value growth rates remained positive overall in 2016. Consequently, retailers continued to develop various strategies such as the expansion of their product ranges, the use of frequent promotions and price reductions to attract consumers and maximise their margins.

The graph below shows South Africa's retailing sector for the period 2014 to 2021.



Source: Euromonitor, 2017

The figure below shows the top 10 African markets for retailing and grocery retail in terms of sales in 2016. South Africa is the largest African market for grocery retail sales in 2016 and the second largest in terms of retailing.



Source: Euromonitor, 2017

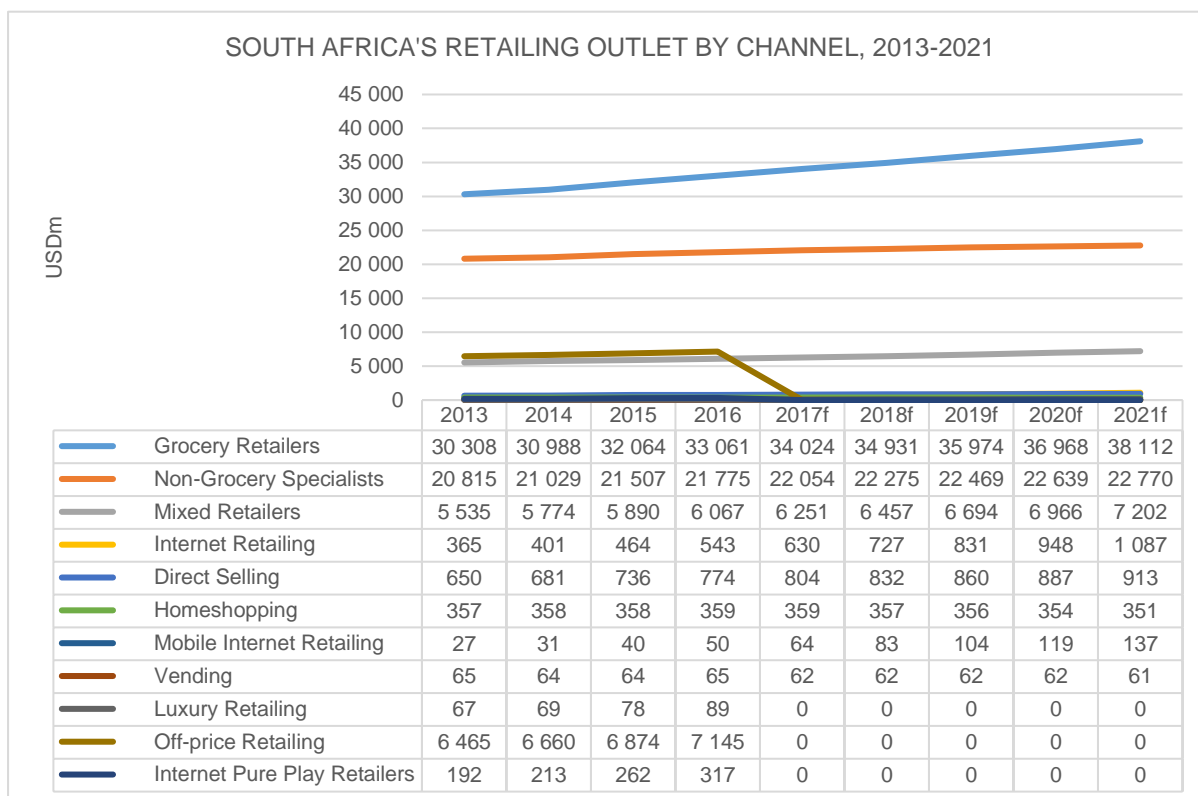
3.2 Main Retail Channels

South Africa's grocery retailers continued to dominate retailing value sales in South Africa throughout the review period accounting for 47% of total retail channels. In addition, many grocery retailers are becoming increasingly competitive in non-grocery specialists channels. Some grocery retailers operating in channels such as supermarket have introduced ranges of non-grocery products in their stores in order to showcase their differentiated offering and be more competitive.

South African consumers continued to prefer to shop in store-based retail outlets throughout the review period and it is therefore unlikely that internet retailing will have any major impact on transactions volume and value sales in store-based retailing over the forecast period. However, internet retailing is expected to be the most dynamic channel within South Africa's retailing market throughout the forecast period. Owing to increasing internet penetration and rising demand for mobile devices such as smartphones, many retailers are expected to continue developing their internet retailing platforms and offering products online to capitalise on the prevailing trends (Euromonitor, 2017).

Although internet retailing accounted for a small share of value sales, the retail channel continued to record double-digit growth rates throughout the review period. Growth in digital retailing is also being driven by the increasing penetration of smartphones and tablets and this trend continues to encourage retailers to develop more platforms which offer consumers access to online shopping. Simplified payment systems are also allowing consumers to conduct online transactions more easily (Euromonitor, 2017).

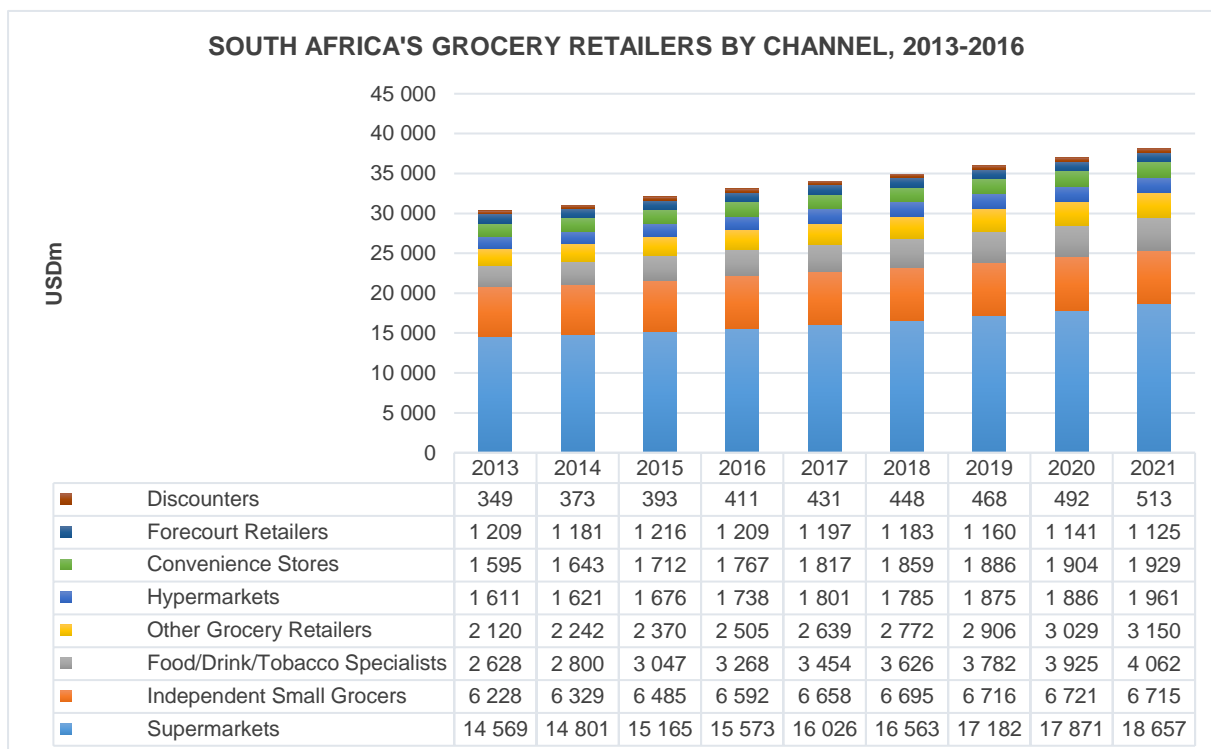
The figure below shows South Africa's main grocery retail channels. Supermarkets are the dominant channels that grocery retailers use to provide goods to consumer accounting for 47% of all channels used in 2016.



Source: Euromonitor, 2017

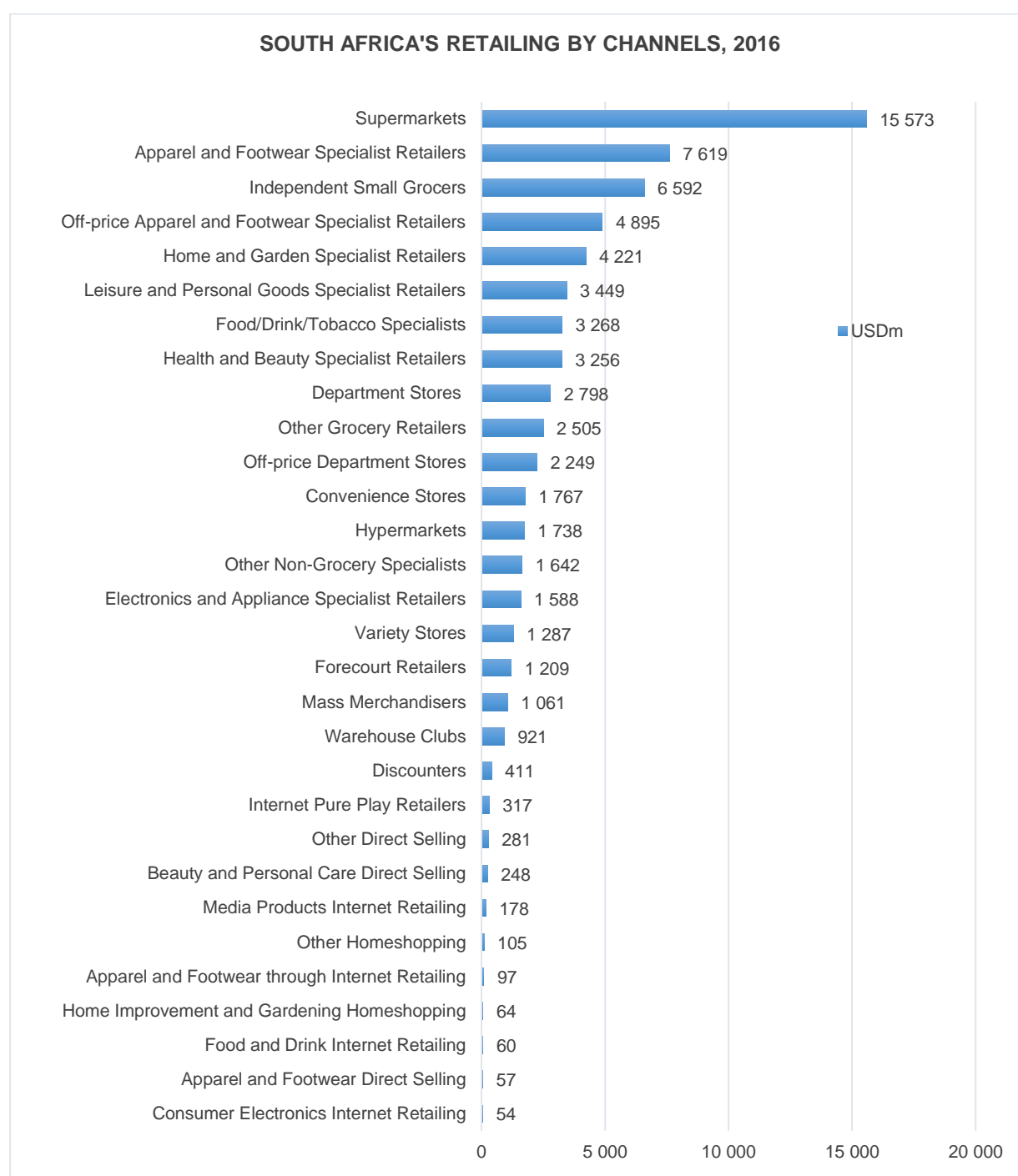
The figure below shows that supermarkets continued to be the largest retail outlet for grocery retailers in South Africa.

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Source: Euromonitor, 2017

The figure below gives a detailed ranking of all the retailing channels used by South African retailers in 2016.



Source: Euromonitor, 2017

The figure below shows South Africa's online digital marketing statistics

Digital Marketing Statistics



WEBGROWTH | YOUR DIGITAL MARKETING CAREER GUIDE 2016

SOURCES
* WeAreSocial
* Pricewaterhousecoopers

Source: Web Growth Academy, 2017 <https://www.webgrowth.co.za/blog/internet-marketing-in-south-africa-today/>

3.3 African Presence

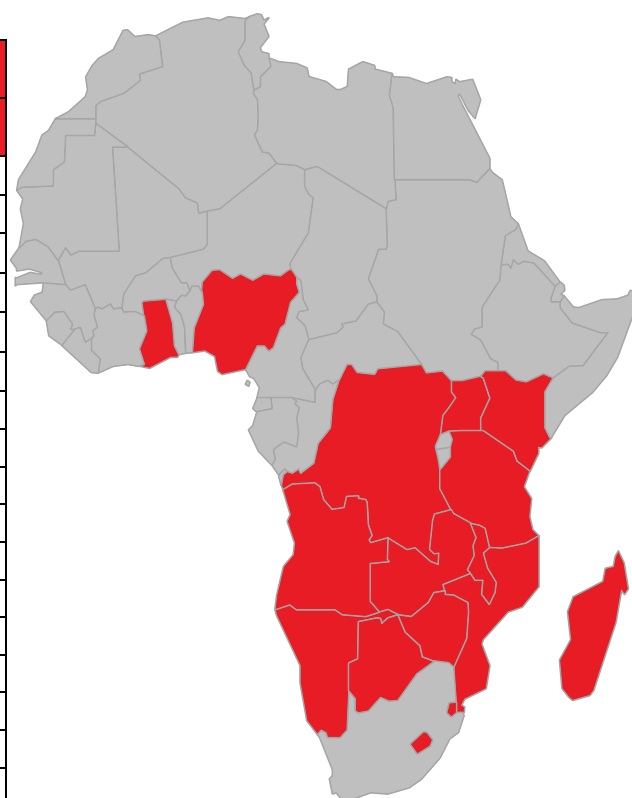
African economies are growing tentatively and overall economic growth is projected to increase substantially through to 2020. Sporting an emerging middle class and a projected population of 1.4 billion people by 2025, Africa represents a significant market, particularly for food. The sustained economic growth also entails the emergence of an increasingly large middle class which has attracted the attention of retailers both in South Africa, and across the globe (Euromonitor, 2017).

Large South African retailers absolutely dominate the retail and retail food trade in regional Africa. According to the 2015 African Powers of Retailing, the large Southern African firms account for around 80% of the revenue of the top 25 firms in the region. This figure is slightly misleading in terms of real market share however, as the informal market itself accounts for around 90% of the number of transactions that take place every year. The top 25 retail firms in Africa reported combined revenues of USD44.3bn and it is estimated that 52.5% of this figure is attributable to food and beverage sales, rendering the regional food retail industry worth around USD23bn per annum.

Shoprite has been active in regional Africa for 25 years and is the continent's largest food retailer. The firm currently boasts over 30 distribution centres across Africa, serviced by a fleet of more than 1,000 delivery vehicles. Shoprite is the largest supermarket retailer on the African continent. Their group is a ZAR141bn turnover business, with a staff complement of almost 144,000 people. About 35 million people shop in their footprint of more than 2,689 outlets every day (Shoprite, 2017)

The figure below shows South African retailers in regional Africa by number of stores.

South African Retailers in Regional Africa by Number of Stores, 2017			
Country	*Shoprite Holdings	Pick 'n Pay	Woolworths2
Angola	53	-	-
Botswana	31	12	Present
DRC	1	-	-
Ghana	6	-	Present
Kenya	-	-	Present
Lesotho	21	20	Present
Madagascar	9	-	-
Malawi	7	-	-
Mauritius	3	-	-
Mozambique	26	-	Present
Namibia	130	38	Present
Nigeria	22	-	-
Swaziland	24	27	Present
Tanzania	-	-	Present
Uganda	2	-	Present
Zambia	38	17	Present
Zimbabwe	-	56	-



Source: Who Owns Whom, 2015, Shoprite, 2017

*Shoprite includes Shoprite, Shoprite USave, OK Furniture, OK dreams, Liquor Store, MediRite, Checkers, House&Homes, Checkers Hyper and excludes Hungry Lion

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3.4 Strengths and Opportunities

The figure below shows strengths and weaknesses of South Africa's retail industry:

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • Large retail chains with diversified brand portfolios. • Supply chain transformation has led to strong distribution networks and fast delivery. • Great degree of supermarket penetration • Well known and trusted brands. • Well developed supply chains and distribution divisions. • Well regulated with high food safety standards. • Very strong presence in continental Africa. 	<ul style="list-style-type: none"> • Smartphone and internet growth offers opportunities for online shopping, lower cost marketing and promotion, brand strengthening and market research and e-stores. • Growing black middle class increases demand for new furniture and white goods. • Untapped markets in sub-Saharan Africa as well as internationally. • Growing domestic and regional population driving increased food demand. • African economic growth growing a middle class with tastes for a diverse basket of groceries. • Extending the range of high-profit private brands. • Increasing the market for online retailing as a result of increasing internet penetration.

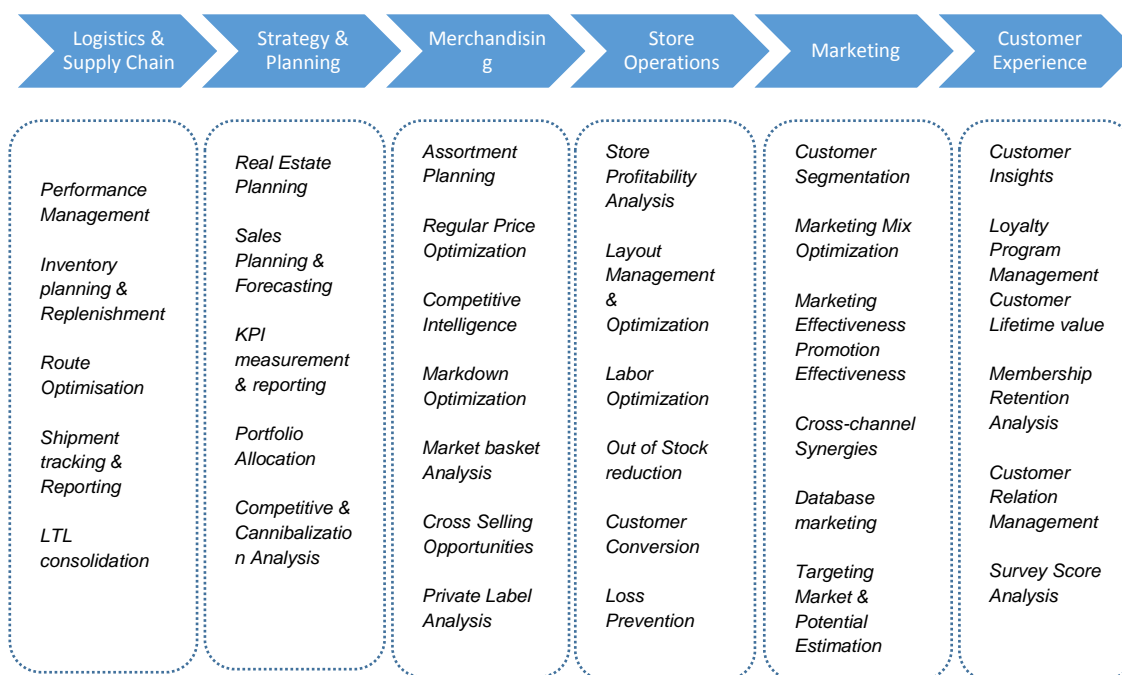
Source: Who Owns Whom, 2017

3.5 Value Chain

The fundamental supply chain of modern grocery retailers is relatively simple and can be analysed as comprising of four main links: Supplier/Producer; Procurement and Distribution; Store Operations; and End Consumer.

As previously mentioned, the retail sector has embraced a model based on heavy supply chain management and increasing integration between procurement, distribution and the 'core' in-store business. In order to give a more complete picture of the business operations of a modern grocery retailer in South Africa, a detailed analysis of these two increasingly integrated links appears below.

The value chain for South Africa's retail sector is shown below.



Source: Who Owns Whom, 2017

3.6 Competitive Landscape

Shoprite Holdings Ltd maintained the leading position in grocery retailers in 2016 with a 22% value share. Shoprite's success is built on its well-established distribution network, strong consumer recognition of its retail brands and the presence of the retailer in various different retail channels. Pick 'n' Pay retailers ranked second in grocery retailers in 2016 with a value share of 15%.

Grocery retailers remained a highly competitive channel throughout the review period as price competition among the retailers operating within this channel continued to intensify. In addition, many retailers also competed fiercely for prime locations for their stores as well as investing continuously in training their staff, modernising the designs of their stores with the installation of wider aisles and offering dedicated product category alcoves for easy navigation.

The table below shows South Africa's retail and grocery retail companies by share and value in 2016.

Global Retail Companies by Retail Value in 2016						
Rank	Retail Companies	% share 2016	USDm 2016	Grocery Retail Companies	% share 2016	USDm 2016
1	Shoprite Holdings Ltd	12.10	7 610.50	Shoprite Holdings Ltd	22.10	7 322.50
2	Pick 'n' Pay Stores Ltd	8.10	5 093.70	Pick 'n' Pay Stores Ltd	14.60	4 840.00
3	Internationale Spar Centrale BV	6.80	4 250.90	Internationale Spar Centrale BV	10.60	3 493.30

Global Retail Companies by Retail Value in 2016						
Rank	Retail Companies	% share 2016	USDm 2016	Grocery Retail Companies	% share 2016	USDm 2016
4	Wal-Mart Stores Inc	5.40	3 397.10	Woolworths Holdings Ltd (South Africa)	4.30	1 431.30
5	Woolworths Holdings Ltd (South Africa)	4.70	2 940.70	Fruit & Veg City Holdings (Pty) Ltd	2.00	665.80
6	Steinhoff International Holdings Ltd	4.00	2 483.80	Pick 'n' Pay Retailers (Pty) Ltd	1.30	443.20
7	Edcon Holdings Ltd	3.10	1 942.00	Wal-Mart Stores Inc	1.20	382.30
8	Mr Price Group Ltd	2.00	1 268.00	Liquor Boys CC, The	0.80	251.40
9	Foschini Group Ltd, The	1.80	1 152.80	Engen Petroleum Ltd	0.70	227.10
10	Clicks Group Ltd	1.70	1 083.40	Checkout (Pty) Ltd	0.60	210.80
11	Fruit & Veg City Holdings (Pty) Ltd	1.10	665.80	Royal Dutch Shell Plc	0.50	156.70
12	Truworths Group Pty Ltd	1.00	624.80	British Petroleum Co Plc, The	0.50	148.90
13	Pick 'n' Pay Retailers (Pty) Ltd	0.70	443.20	Total SA	0.40	139.70
14	Cashbuild Ltd	0.70	409.50	RMB Corvest Pty Ltd	0.40	122.20
15	Bidvest Group Ltd	0.50	294.50	Robinson Liquors (Pty) Ltd	0.40	119.60
16	Liquor Boys CC, The	0.40	251.40	Choppies Enterprises Ltd	0.30	104.20
17	Hub (Pty) Ltd, The	0.40	237.20	Sasol Ltd	0.20	78.50
18	Engen Petroleum Ltd	0.40	227.10	Chevron Corp	0.20	73.40
19	Checkout (Pty) Ltd	0.30	210.80	Seven & I Holdings Co Ltd	0.10	46.80
20	Avon Products Inc	0.30	193.60	Others	38.70	12 803.70
21	Cotton On Clothing Pty Ltd	0.30	188.00	-	-	-
22	Lewis Group Ltd	0.30	182.70	-	-	-
23	Royal Dutch Shell Plc	0.30	156.70	-	-	-
24	British Petroleum Co Plc, The	0.20	148.90	-	-	-
25	Total SA	0.20	139.70	-	-	-
26	Stuttafords Holdings	0.20	127.90	-	-	-
27	RMB Corvest Pty Ltd	0.20	122.20	-	-	-
28	Dis-Chem Pharmacies (Pty) Ltd	0.20	120.40	-	-	-
29	Robinson Liquors (Pty) Ltd	0.20	119.60	-	-	-
30	Choppies Enterprises Ltd	0.20	104.20	-	-	-
31	AVI Ltd	0.20	101.90	-	-	-
32	Holdsport Ltd	0.20	99.70	-	-	-
33	HomeChoice Holdings Ltd	0.10	93.70	-	-	-
34	Crazy Store (Pty) Ltd, The	0.10	89.50	-	-	-
35	Miltenberger Otto Aulbach GmbH	0.10	85.10	-	-	-
36	Mica Investment	0.10	84.90	-	-	-
37	Sasol Ltd	0.10	78.50	-	-	-
38	Chevron Corp	0.10	73.40	-	-	-
39	Tiger Global Management Ltd	0.10	67.70	-	-	-
40	H&M Hennes & Mauritz AB	0.10	66.50	-	-	-
41	Platinum Group Pty Ltd, The	0.00	18.00	-	-	-
42	Others	40.90	25 593.70	-	-	-
Total		100.00	62 643.70	Total	100.00	33 061.30

Source: Euromonitor, 2017

3.7 Industry Associations

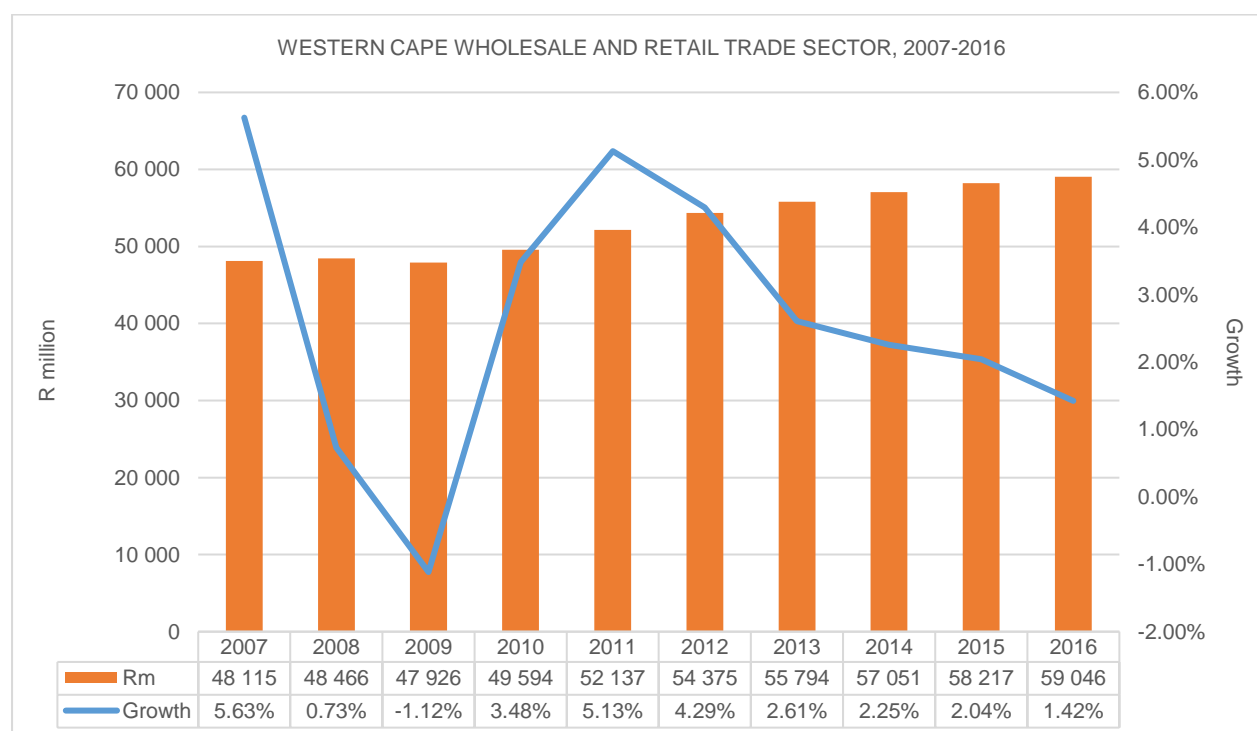
The table below shows South Africa's industry associations.

SOUTH AFRICA INDUSTRY ASSOCIATIONS	
ASSOCIATION	WEBSITE
Western Cape Fine Food Initiative	www.wcfinefood.co.za/
Wines of South Africa	www.wosa.co.za
Agri-SA	www.agrisa.co.za/
HORTGRO	www.hortgro.co.za/
Western Cape Aquaculture Development Initiative	-
Aquaculture Association of SA	www.aasa-aqua.co.za
SAFVCA. South African Fruit & Vegetable Canners Association	www.safvca.co.za
Wesgro	www.wesgro.co.za
Western Cape Department of Agriculture	www.elsenburg.com

Source: Who Owns Whom, 2017

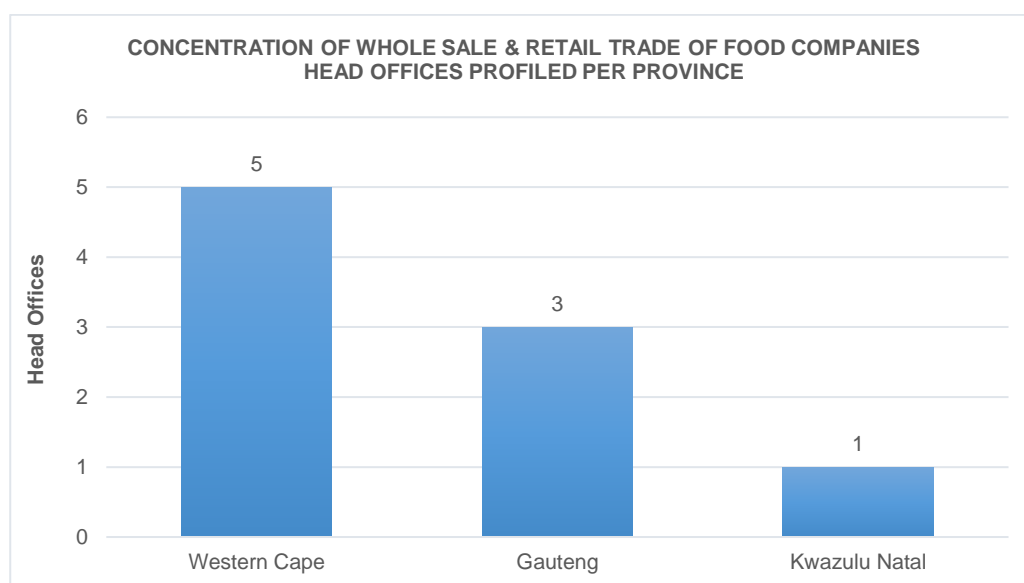
4. Western Cape Overview

The Western Cape's wholesale and retail trade sector was the second largest contributor to the Western Cape economy valued at ZAR59bn in 2016. Business services was the largest contributor to Western Cape's economy. The wholesale and retail trade sector contributed 15% to the Western Cape economy in 2016. The province's wholesale and retail trade sector grew by an average annual rate of 2.6% between 2007 and 2016. The sector is also an important contributor to employment within the Western Cape in both the formal and informal employment sector.



Source: Gauntec, 2017

The figure below shows that the Western Cape has the highest concentration of wholesale and retail trade of food companies head offices followed by Gauteng. The Western Cape's food retail companies are leaders in both the South African and African market.



Source: *Who Owns Whom*, 2017

The table below gives a detailed summary of the Western Cape's main food retailers in 2016.

SUMMARY OF WESTERN CAPE'S MAIN FOOD RETAILERS, 2016						
Company Name	Employees	Turnover	Number of Stores	Wholesale	Retail	Est. Market Share (Food)
Fruit and Veg City Holdings (Pty) Ltd	100		<ul style="list-style-type: none"> >100 Corporate and Franchise Food Lovers Market Stores >100 Freshstop 	X	X	
Pick n Pay Stores Ltd	48,700	R66 940.8m (R63,911.9m - South Africa Division; R3,028.9m - Africa Division) 2015	Company Owned: <ul style="list-style-type: none"> Pick n Pay: <ul style="list-style-type: none"> 20 Hypermarkets 215 Supermarkets 102 Clothing 170 Liquor 3 Pharmacy Boxer: <ul style="list-style-type: none"> 125 Superstores 21 Hardware 22 Liquor 21 Punch Franchised: <ul style="list-style-type: none"> Pick n Pay: <ul style="list-style-type: none"> 266 Family 21 Mini market 1 Daily 46 Express 16 Clothing 	X	X	25%

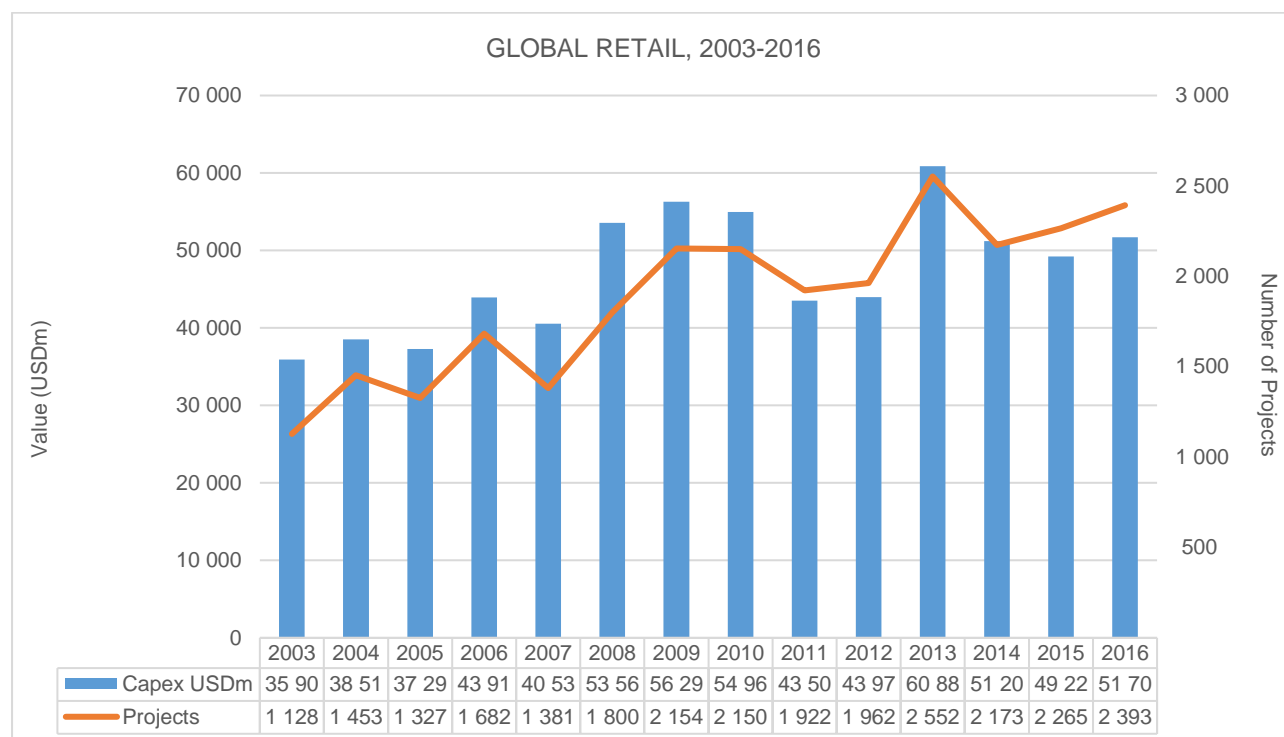
			□ 140 Liquor			
Shoprite Holdings Ltd	132,942	R113,694.0m 2015	<ul style="list-style-type: none"> • 64 Shoprite MediRite outlets • 92 Checkers MediRite outlets • 172 LiquorShop outlets • 121 Checkers LiquorShop Outlets • 52 House & Home outlets • 33 Checkers Hyper outlets • 33 OK Power Express outlets • 360 OK Franchise outlets • 2 Transpharm <p>Pharmaceutical Wholesalers</p>	X	X	32.1%
Wellness Warehouse (Pty) Ltd	120		<ul style="list-style-type: none"> • 16 stores • 1 Wellness Café 		X	
Woolworths (Pty) Ltd	28,368	R31,199.0m (R11,505.0m - Clothing & General Merchandise) (R19,694.0m - Food) 2014	<ul style="list-style-type: none"> • 330 Corporate stores • 17 Franchise stores <p>(South Africa)</p>	X	X	8%

Source: Who Owns Whom, 2017

5. Foreign Direct Investment (FDI)

5.1 Global Retail FDI

Between 2003 and 2016 a total of 26,342 FDI projects were recorded into global retailing. These projects represent a total capital investment of USD661.50bn which is an average investment of USD25.10m per project. During the period, a total of 4,186,209 jobs were created.



Source: FDI Intelligence, 2017

The United States was the largest source market for inward FDI into retailing in terms of projects, with 3,831 investment projects, accounting for 15%. Germany and France are ranked second and third accounting for 11.6% and 11.2% respectively.

TOP 10 SOURCE MARKETS FOR FDI INTO RETAIL, 2003 - 2016							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES	% COMPANIES
1	United States	3 831	14.54%	102 468	15.49%	674	12.97%
2	Germany	3 059	11.61%	71 810	10.86%	367	7.06%
3	France	2 967	11.26%	88 040	13.31%	431	8.29%
4	Italy	2 293	8.70%	47 574	7.19%	390	7.50%
5	Spain	2 006	7.62%	35 888	5.43%	214	4.12%
6	UK	1 915	7.27%	52 416	7.92%	391	7.52%
7	Sweden	1 327	5.04%	42 862	6.48%	103	1.98%
8	Switzerland	1 034	3.93%	27 541	4.16%	155	2.98%
9	Japan	924	3.51%	23 206	3.51%	349	6.71%
10	UAE	564	2.14%	10 005	1.51%	133	2.56%
Total		26342	100%	661 498	100%	5198	100%

Source: FDI Intelligence, 2017

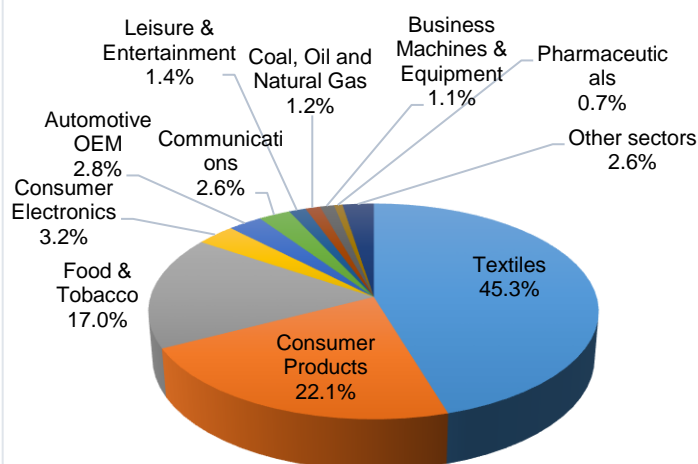
The United Kingdom was the largest source market for inward FDI into retailing in terms of projects, with 2,008 investment projects, accounting for 8%. The United States and China are ranked second and third accounting for 7% and 6.8% respectively.

TOP 10 DESTINATION MARKETS FOR FDI INTO RETAIL, 2003 - 2016							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES	% COMPANIES
1	UK	2 008	7.62%	38 811	5.87%	784	15.08%
2	United States	1 841	6.99%	89 279	13.50%	716	13.77%
3	China	1 801	6.84%	76 260	11.53%	845	16.26%
4	Spain	1 471	5.58%	25 599	3.87%	484	9.31%
5	France	1 110	4.21%	22 828	3.45%	514	9.89%
6	Russia	966	3.67%	29 197	4.41%	404	7.77%
7	Germany	931	3.53%	15 099	2.28%	463	8.91%
8	Romania	880	3.34%	13 106	1.98%	246	4.73%
9	India	737	2.80%	14 971	2.26%	387	7.45%
10	Canada	720	2.73%	26 461	4.00%	306	5.89%
Total		26342	100%	661 498	100%	5198	100%

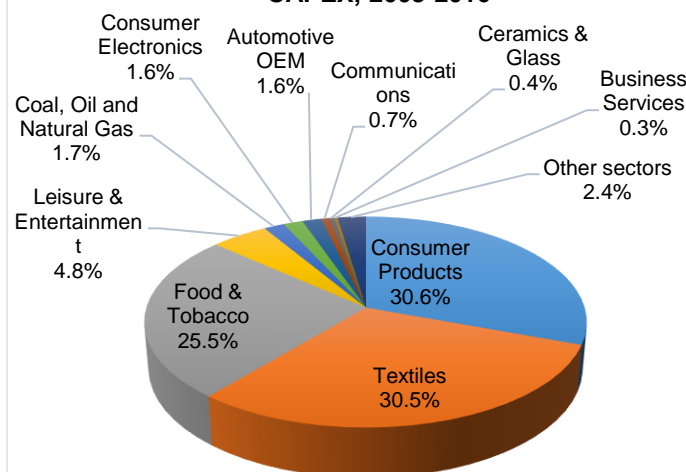
Source: FDI Intelligence, 2017

The figures below show global inward FDI into retailing by sector, for the period 2003 to 2016. By number of projects, the textiles sector received the largest FDI accounting for 45% followed by the consumer products sector accounting for 22%. In terms of capex consumer products received the largest investment accounting for 30.6% followed by textiles (30.5%).

INWARD FDI INTO AFRICA'S RETAIL BY PROJECTS, 2003-2016



INWARD FDI INTO AFRICA'S RETAIL BY CAPEX, 2003-2016



Source: FDI Intelligence, 2017

The table below shows the top 10 companies from retailing investing into the global sectors for the period 2003 to 2016. Hennes & Mauritz (H&M) was the largest investor with 589 investment projects.

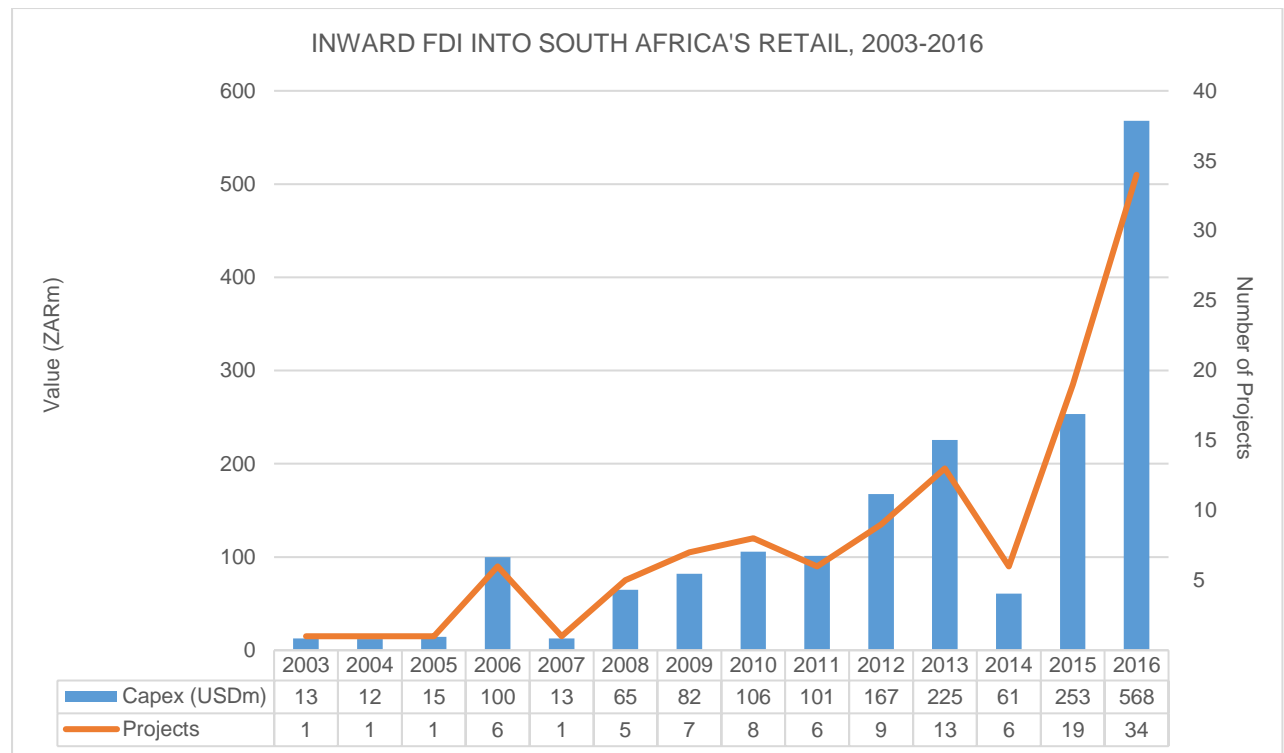
TOP 10 COMPANIES FOR OUTWARD FDI BY RETAIL, 2003 - 2016			
COMPANIES	COUNTRY	PROJECTS	CAPEX (USDm)
Hennes & Mauritz (H&M)	Sweden	589	10 614
IKEA	Sweden	353	23 856
Lidl	Germany	321	6 875
Aldi	Germany	293	11 917
Carrefour	France	285	12 015
Zara	Spain	258	4 491
Mango	Spain	237	3 185
Apple Inc	United States	193	463
Decathlon (Oxylane)	France	154	1 757
C&A	Belgium	127	1 175
Total		26 342	661 498

Source: FDI Intelligence, 2017

5.2 South Africa Retail FDI

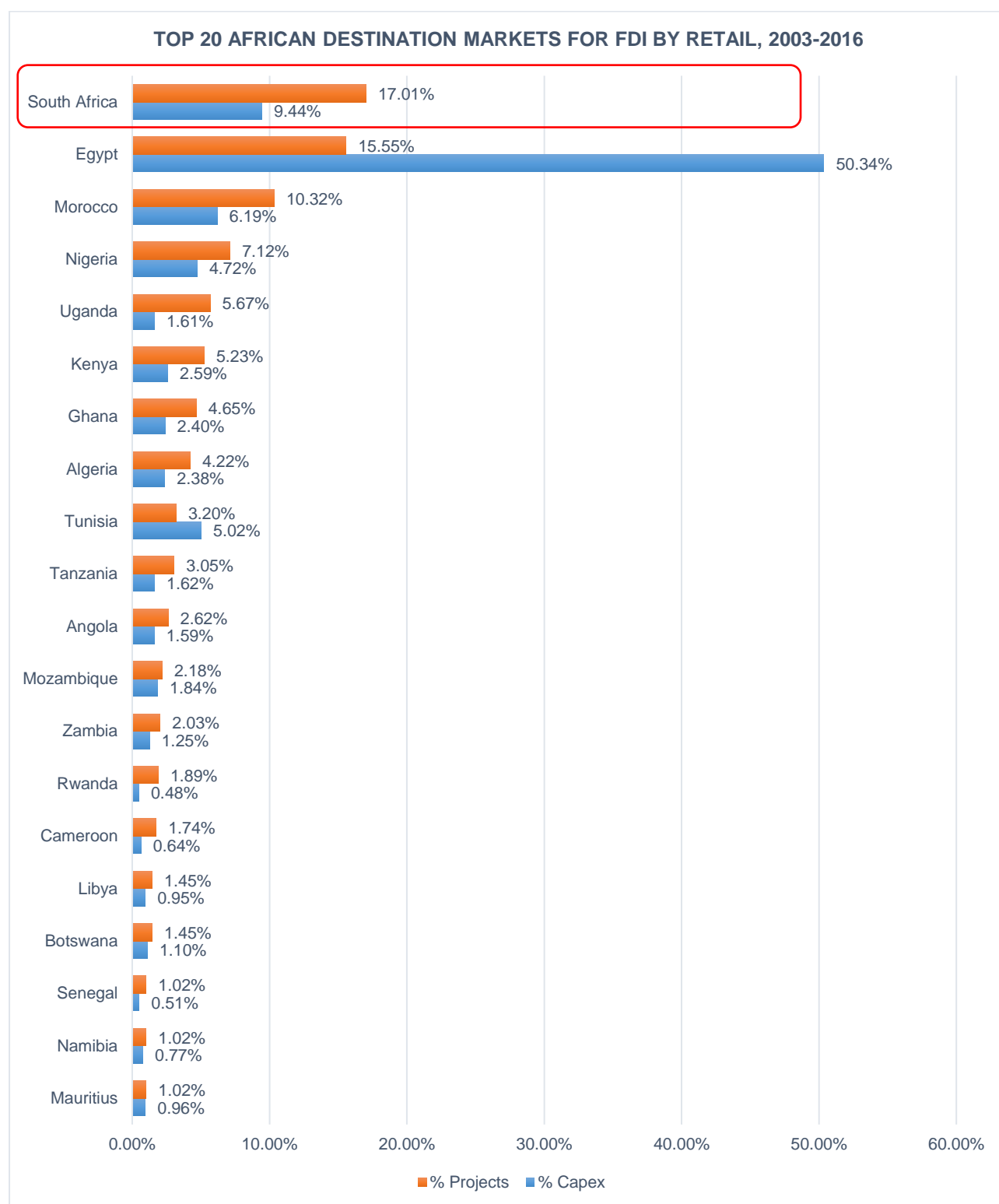
5.2.1 South Africa's Inward Retail FDI

Between 2003 and 2016 a total of 117 FDI projects were recorded into South Africa's retail. These projects represent a total capital investment of USD1.78bn which is an average investment of USD15.20m per project. During the period, a total of 11,865 jobs were created.



Source: FDI Intelligence, 2017

South Africa was the largest African destination market for retail by projects accounting for 17% followed by Egypt (16%).



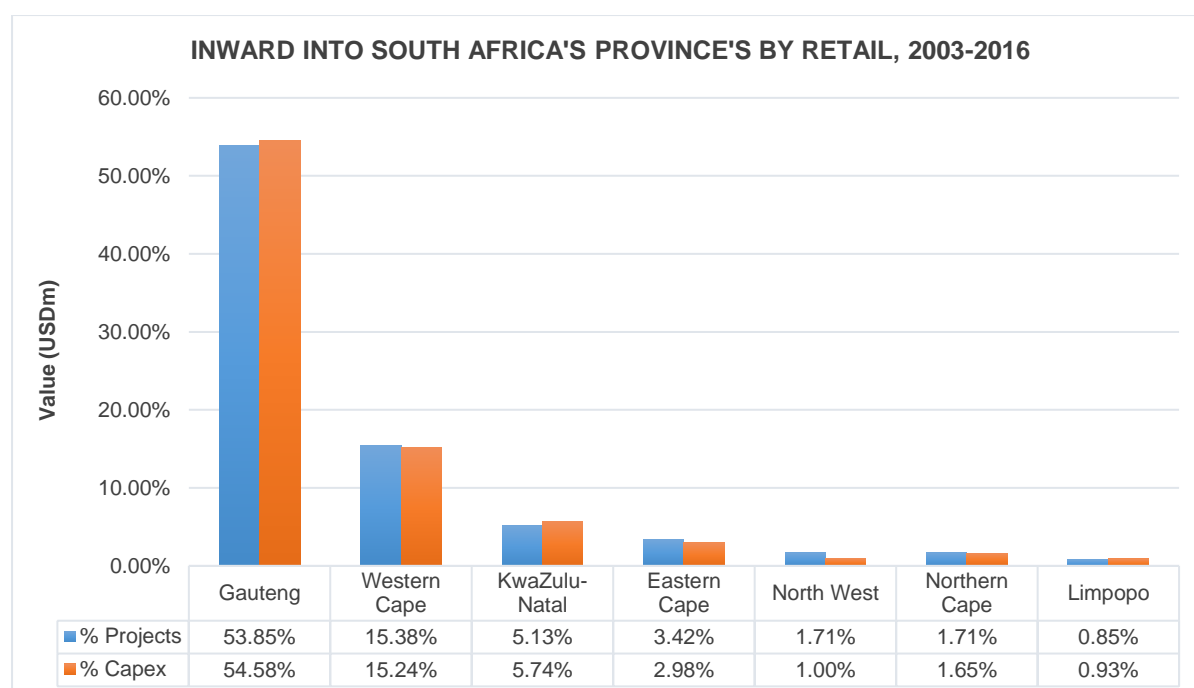
Source: FDI Intelligence, 2017

The United States was the largest source market for inward FDI into South Africa's retail with 23 projects followed by Italy and Australia with 14 and 12 projects respectively.

INWARD FDI INTO SOUTH AFRICA'S RETAIL, 2003 - 2016							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES	% COMPANIES
1	United States	23	19.66%	466	26.16%	16	20.00%
2	Italy	14	11.97%	193	10.83%	12	15.00%
3	Australia	12	10.26%	162	9.08%	5	6.25%
4	Spain	11	9.40%	156	8.78%	5	6.25%
5	UK	10	8.55%	121	6.81%	8	10.00%
6	France	7	5.98%	103	5.77%	7	8.75%
7	Switzerland	7	5.98%	152	8.54%	5	6.25%
8	Botswana	5	4.27%	68	3.80%	1	1.25%
9	Denmark	5	4.27%	60	3.34%	1	1.25%
10	Germany	4	3.42%	49	2.76%	4	5.00%
Total		117	100%	1781	100%	80	100%

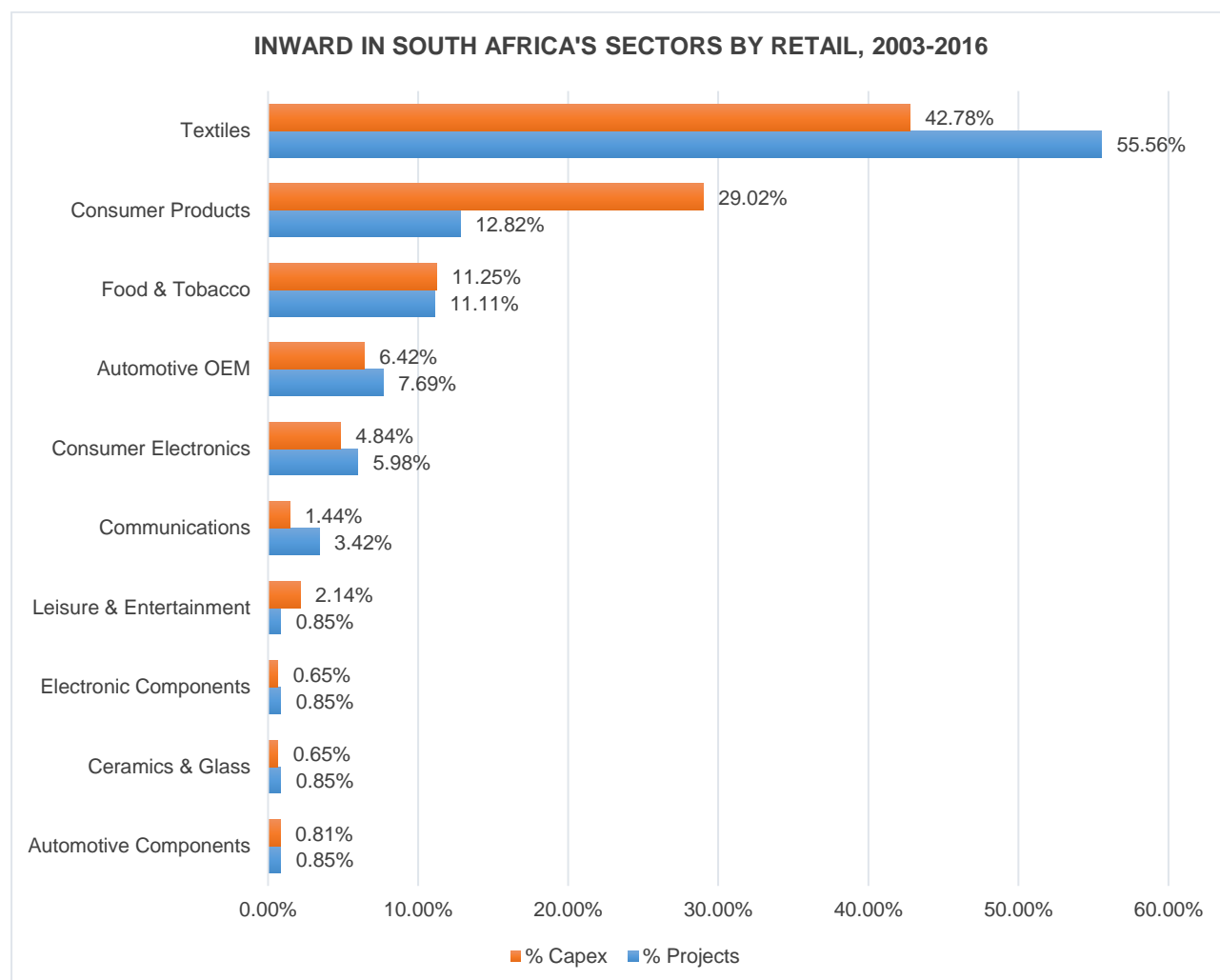
Source: FDI Intelligence, 2017

Gauteng was the largest province for inward FDI by retail both in terms of projects (53.9%) and capex (54.6%), followed by the Western Cape (15.4% projects and 15.2% capex).



Source: FDI Intelligence, 2017

South Africa's textiles sector received the largest FDI by retail activity both in terms of projects (55.6%) and capex (42.8%), followed by consumer goods with 29% investment projects and 12.8% capex.



Source: FDI Intelligence, 2017

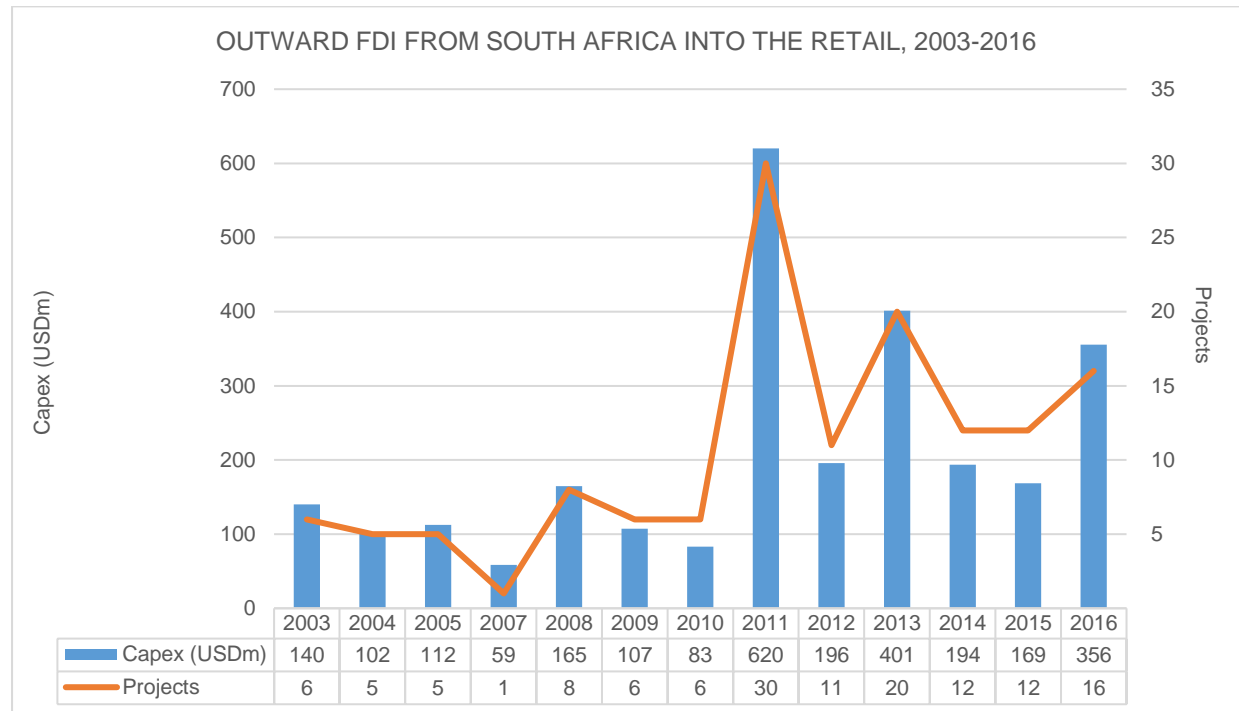
The table below shows the top 10 companies for inward FDI into South Africa's retail for the period 2003 to 2016.

TOP 10 COMPANIES FOR INWARD FDI BY SOUTH AFRICA'S RETAIL, 2003 - 2016			
COMPANIES	COUNTRY	PROJECTS	CAPEX (USDm)
Choppies	Botswana	5	68
Cotton On	Australia	5	60
Massmart	United States	5	148
Tiger of Sweden	Denmark	5	60
Zara	Spain	5	60
Woolworths	Australia	4	66
Cadillac	United States	3	38
Hennes & Mauritz (H&M)	Sweden	3	36
Lindt & Sprungli	Switzerland	3	50
Mango	Spain	3	36
Total		117	1 781

Source: FDI Intelligence, 2017

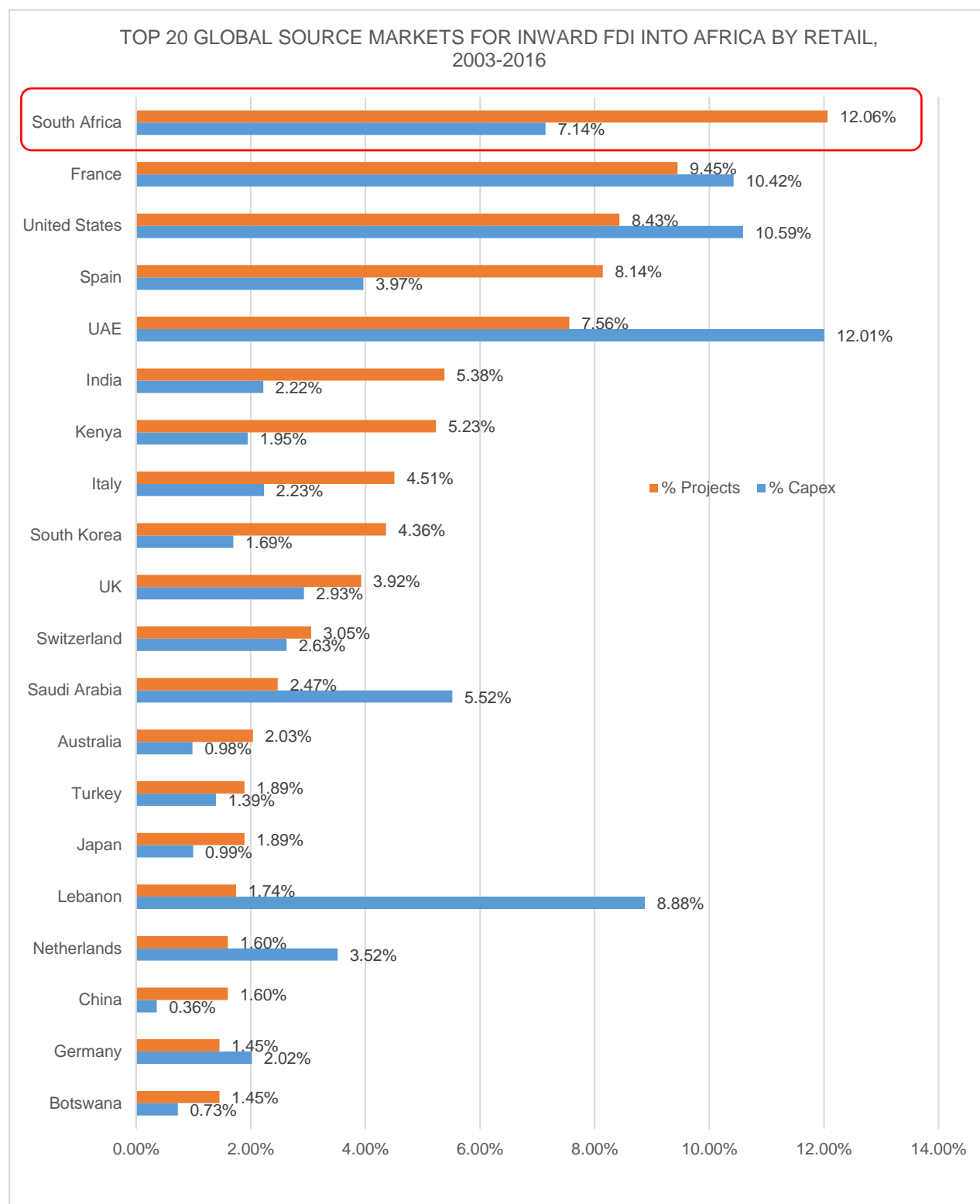
5.2.2 South Africa's Outward Retail FDI

Between 2003 and 2016 a total of 137 FDI projects were recorded from South Africa into global retailing. These projects represent a total capital investment of USD2.67bn which is an average investment of USD19.50m per project. During the period, a total of 20,680 jobs were created.



Source: FDI Intelligence, 2017

South Africa was the largest global source market for retail by projects into Africa accounting for 12% followed by France (9.5%).



Source: FDI Intelligence, 2017

Nigeria was South Africa's largest global retailing destination for FDI with 17 investment projects between 2003 and 2016. This was followed by Ghana and Zambia with 11 and 10 investment projects respectively. Seven of the top destination markets are from Africa.

SOUTH AFRICA'S OUTWARD FDI INTO RETAIL 2003 - 2016							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES	% COMPANIES
1	Nigeria	17	12.41%	307.1	11.49%	9	20.00%
2	Ghana	11	8.03%	142.5	5.33%	8	17.78%
3	Zambia	10	7.30%	153.8	5.76%	6	13.33%
4	Spain	9	6.57%	216.1	8.09%	3	6.67%
5	Angola	8	5.84%	165.1	6.18%	5	11.11%
6	Uganda	7	5.11%	71.7	2.68%	5	11.11%
7	UK	7	5.11%	127.1	4.76%	7	15.56%
8	China	5	3.65%	254.5	9.52%	1	2.22%
9	Mozambique	5	3.65%	123.6	4.63%	3	6.67%
10	Cameroon	4	2.92%	25.6	0.96%	1	2.22%
Total		137	100%	2 672.4	100%	45	100%

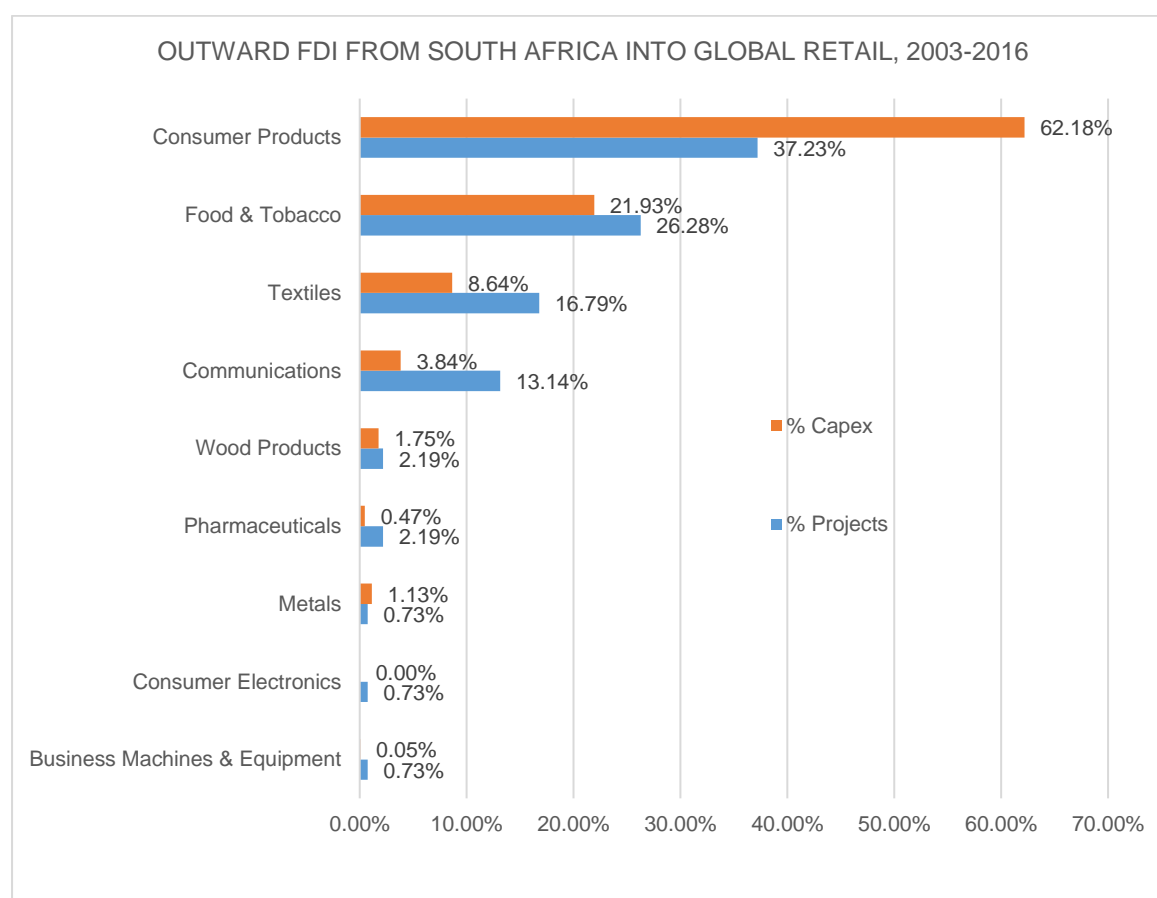
Source: FDI Intelligence, 2017

Gauteng was the largest source of retailing both in terms of projects (52.6%) and capex (54.5%) followed by the Western Cape (43% projects and 42.5% capex).



Source: FDI Intelligence, 2017

The consumer products sector was the largest recipient of retailing FDI from South Africa both in terms of projects 62% and capex 37%, followed by food and beverages with 22% and capex 26%).



Source: FDI Intelligence, 2017

The table below shows the top 10 companies for outward FDI from South Africa by retail for the period 2003 to 2016.

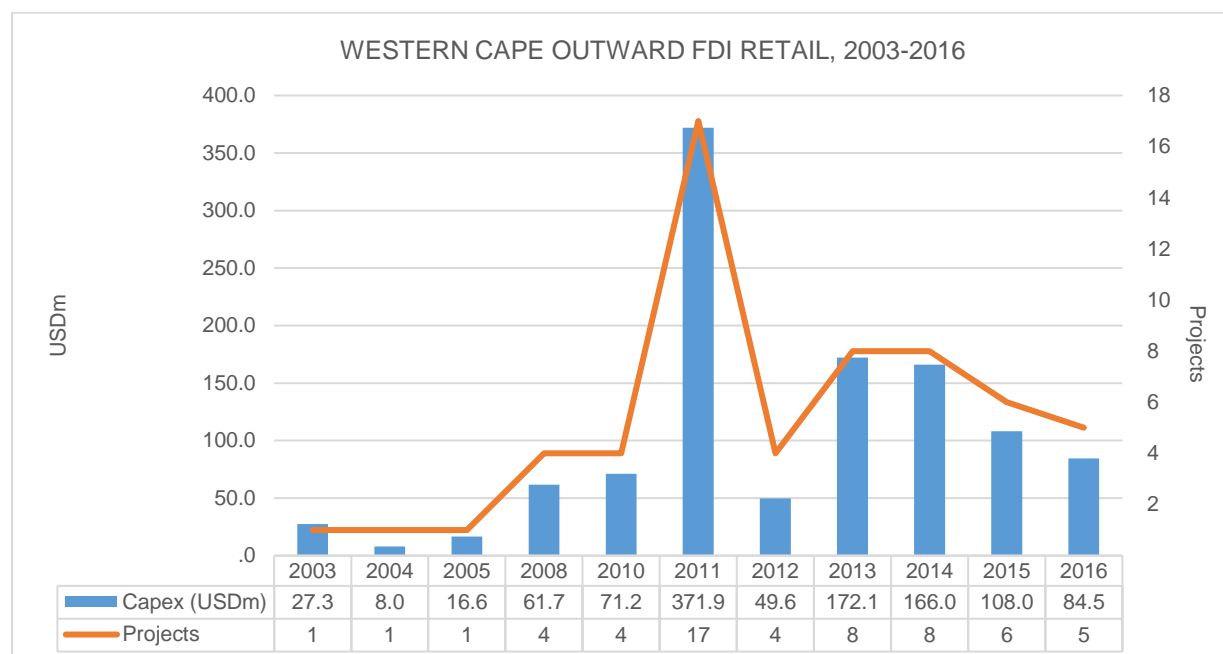
TOP 10 COMPANIES FOR INWARD FDI BY RETAIL, 2003 - 2016		
COMPANIES	PROJECTS	CAPEX (USDm)
Shoprite	22	359
De Beers Diamond Jewellers	12	460
Pick n Pay	10	149
Woolworths (South Africa)	7	258
Pepco Poland	6	29
The Foschini Group	6	221
Conforama	5	174
Conforama Espana	4	87
De Beers	4	147
Mr Price Group	4	54
Total	137	2 672

Source: FDI Intelligence, 2017

5.3 Western Cape Retail FDI

5.3.1 Outward from the Western Cape

Between 2003 and 2016 a total of 59 FDI projects were recorded from the Western Cape by retail. These projects represent a total capital investment of USD1.14bn which is an average investment of USD19.30m per project. During the period, a total of 8,974 jobs were created.



Source: FDI Intelligence, 2017

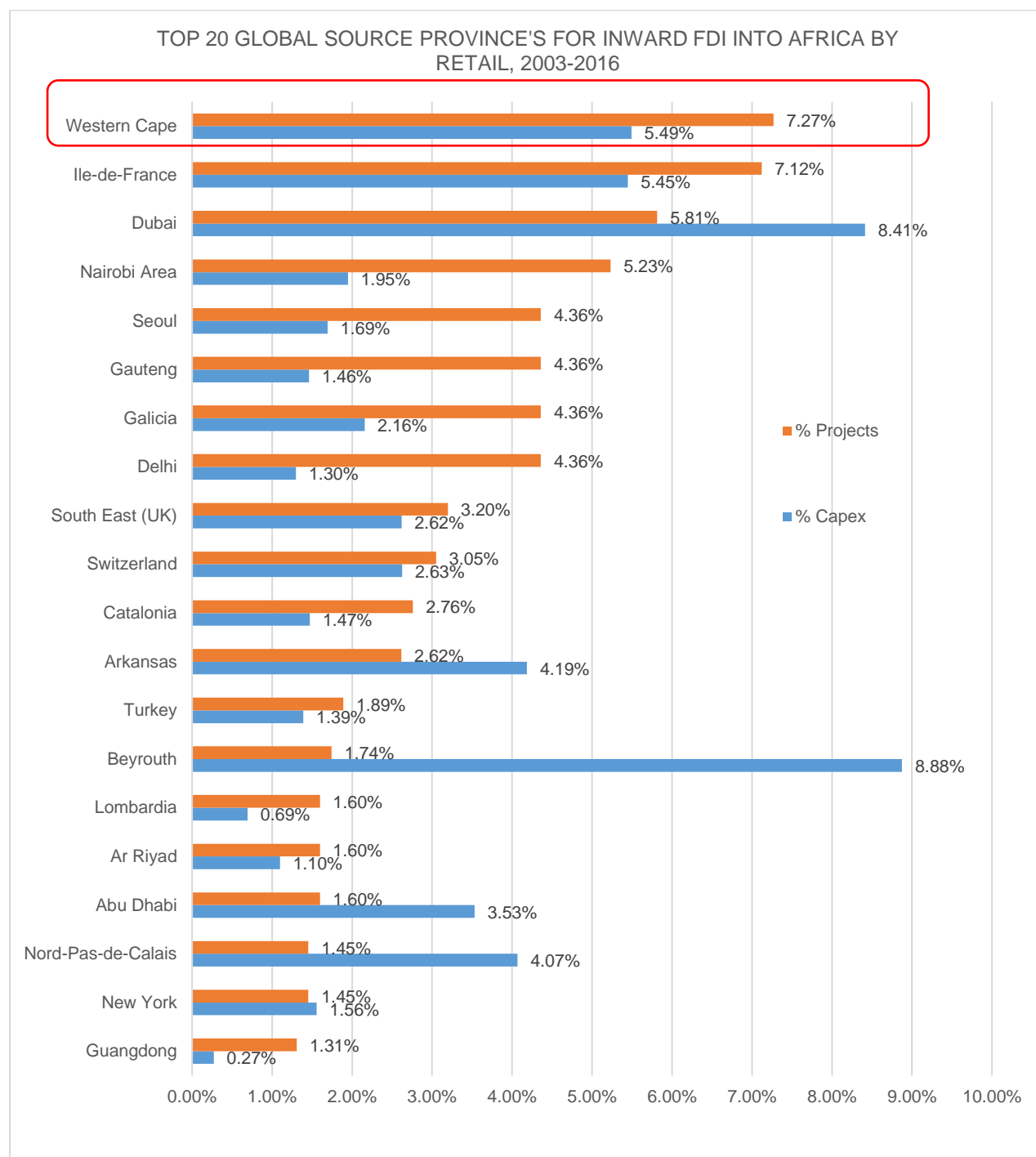
27

Nigeria was the Western Cape's largest retailing destination for FDI with 11 investment projects between 2003 and 2016. This was followed by Angola and Zambia with 8 and 7 investment projects respectively. The top 10 destination markets for the Western Cape's FDI retailing activity are from Africa.

WESTERN CAPE'S OUTWARD FDI INTO RETAIL, 2003 - 2016							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES	% COMPANIES
1	Nigeria	11	18.64%	216	19.02%	5	35.71%
2	Angola	8	13.56%	165	14.52%	5	35.71%
3	Zambia	7	11.86%	120	10.55%	3	21.43%
4	Ghana	4	6.78%	87	7.63%	3	21.43%
5	Mozambique	4	6.78%	87	7.63%	2	14.29%
6	Congo (DRC)	2	3.39%	33	2.92%	2	14.29%
7	Kenya	2	3.39%	74	6.49%	2	14.29%
8	Malawi	2	3.39%	33	2.92%	2	14.29%
9	Mauritius	2	3.39%	54	4.71%	2	14.29%
10	Namibia	2	3.39%	74	6.49%	2	14.29%
Total		59	100%	1 137	100%	14	100%

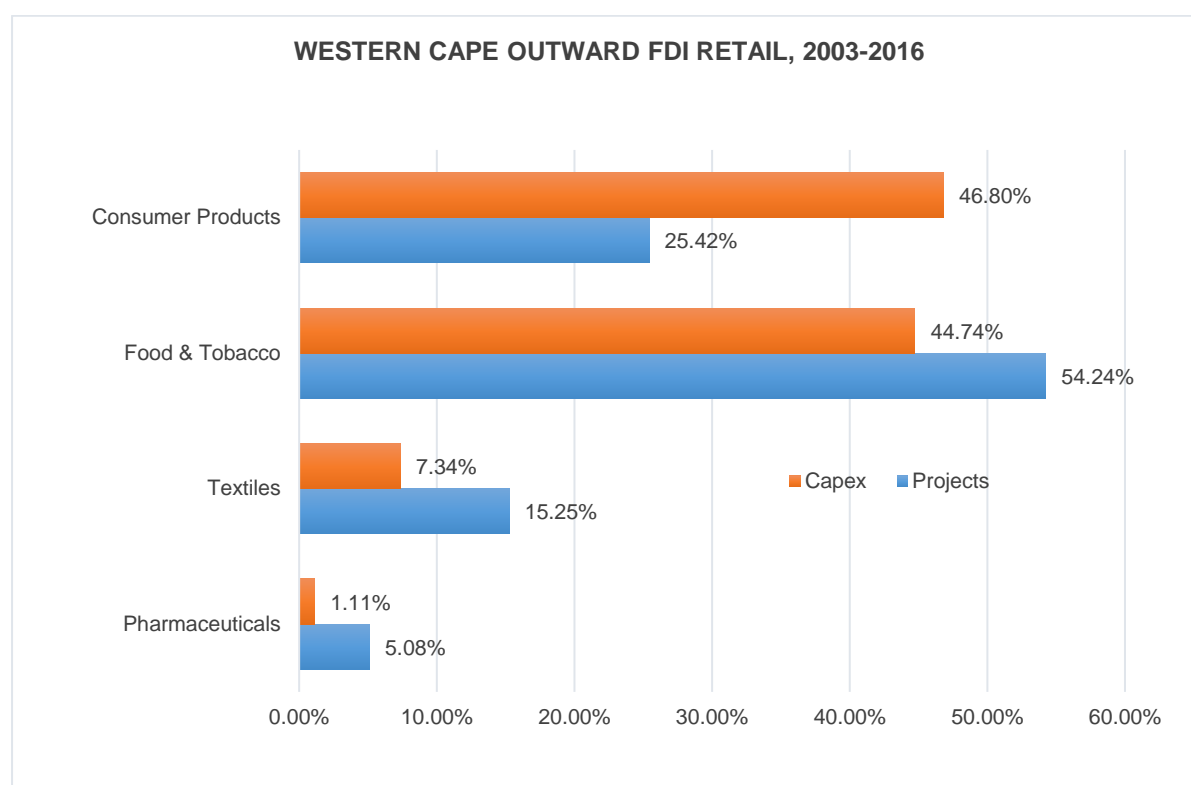
Source: FDI Intelligence, 2017

The Western Cape was the largest global investor by provinces into Africa by retail by number of projects, accounting for 7.3% between 2003 and 2016.



Source: FDI Intelligence, 2017

Consumer products sector was the largest receiver of retailing FDI from the Western Cape in terms of projects 46.8%, followed by food and beverages with 44.7%.



Source: FDI Intelligence, 2017

The table below shows the top 10 companies for outward FDI from the Western Cape's by retail for the period 2003 to 2016.

TOP 10 COMPANIES FOR OUTWARD FDI BY RETAIL, 2003 - 2016		
COMPANIES	PROJECTS	CAPEX (USDm)
Shoprite	22	359
Pick n Pay	10	149
Woolworths (South Africa)	7	258
The Foschini Group	6	221
Clicks Group	3	13
Pepco Poland	3	14
David Jones	1	16
KAAP Agrimark	1	37
PEP	1	12
Pepkor	1	14
Total	59	1 137

Source: FDI Intelligence, 2017

5.3.2 Inward into the Western Cape

Between 2003 and 2016 a total of 18 FDI projects were recorded into the Western Cape's retail. These projects represent a total capital investment of USD271.30m which is an average investment of USD15.10m per project. During the period, a total of 1,744 jobs were created. The United States has been the largest investor into the Western Cape's retail activity accounting for 36%.

INWARD FDI INTO WESTERN CAPE RETAIL, 2003 - 2016						
DATE	INVESTING COMPANY	SOURCE COUNTRY	SECTOR	SUB -SECTOR	CAPEX (USDm)	JOBS
Dec 2016	Michael Kors	United States	Textiles	Clothing & clothing accessories	11.9	86
Dec 2016	Just Cavalli	Italy	Textiles	Clothing & clothing accessories	11.9	86
Jun 2015	Sedicisei SRL (Save My Bag)	Italy	Textiles	Apparel accessories & other apparel	11.9	86
Jun 2014	Orange Horizons	France	Communications	Communications equipment	6.4	51
May 2014	Smeg South Africa	Italy	Consumer Electronics	Household appliances	12.3	97
Feb 2014	Forever 21	United States	Textiles	Clothing & clothing accessories	11.9	86
Oct 2013	Tiger of Sweden	Denmark	Textiles	Clothing & clothing accessories	11.9	86
Jul 2013	Audi South Africa	Germany	Automotive OEM	Motor vehicle & parts dealers (Automotive OEM)	12.7	33
Feb 2013	Builders Warehouse	United States	Consumer Products	Building material & garden equipment & supplies dealers	36.9	179
Mar 2012	Poltrona Frau	Italy	Consumer Products	Furniture, homeware & related products (Consumer Products)	36.9	179
Dec 2011	LG Electronics	South Korea	Consumer Electronics	Electronics & appliances stores	12.3	97
Mar 2010	Avis Budget Group (Cendant)	United States	Automotive OEM	Automobiles	12.7	33
Jan 2010	Nespresso	Switzerland	Food & Tobacco	Food services	16.6	177
Nov 2009	Woolworths	Australia	Food & Tobacco	Food & Beverage Stores (Food & Tobacco)	16.6	177
May 2009	Blue Blood	Netherlands	Textiles	Clothing & clothing accessories	11.9	86
Sep 2008	Eastpak	United States	Textiles	Apparel accessories & other apparel	11.9	86
Jan 2008	Paul Smith	UK	Textiles	Clothing & clothing accessories	11.9	86
Oct 2006	Cadillac	United States	Automotive OEM	Motor vehicle & parts dealers (Automotive OEM)	12.7	33
Total					271.3	1744

Source: FDI Intelligence, 2017

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