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SUMMARY

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INTERNATIONAL

Slowdown of European shopping centre development in 2010 and beyond.

According to the recent study « European Shopping Centre Report » by Cushman & Wakefield, 7.4 million sq.m were opened in Europe in 2009, or almost 20% less than in 2008 (9.3 million sq.m). Now, this slowdown in development activity is expected to continue with 6.1 million new sq.m to be delivered in 2010 and 5 million in 2011, the lowest annual levels in 7 years.

Western European country in which the total volume of space in project is the highest with almost 900,000 sq.m to be delivered by the end of 2011.

The consumption slowdown and the shortage of debt finance stopped the construction of an important number of projects especially in Romania where the development is expected to slow to around 290,000 sq.m in 2010 and 130,000 sq.m in 2011 compared with 314,000 in 2009 and 750,000 in 2008.

Development activity of shopping centers will be the most important in the emerging markets of Russia, Turkey and Poland helped by favorable consumption prospects and low retail-equipment.

New shopping center projects in Europe.

in 2010/11			in 2009		
rank	country	000 sq.m	rank	country	000 sq.m
1	Russia	2,539	1	Russia	1,592
2	Turkey	1,307	2	Turkey	653
3	Italy	1,006	3	Italy	633
4	France	879	4	Poland	628
5	Bulgaria	609	5	France	560
6	Spain	605	6	Netherlands	380
7	Poland	539	7	Germany	372
8	United Kingdom	498	8	Romania	314
9	Germany	481	9	Ukraine	300
10	Romania	418	10	Portugal	280

Source : Cushman & Wakefield

Russia is expected to recover its accelerated development pace with 2.5 million sq.m to be delivered in 2010 and 2011, or 22% of the total in Europe. Three major shopping centers exceeding 100,000 sq.m will be opened this year including 2 in Moscow : Vegas (130,000 sq.m) and Mall of Russia (101,000 sq.m) and a third one in Saint Petersburg (Leto). However, this country counts only 73 sq.m of shopping center space per capita versus 225 sq.m on average in Europe. Now, the recent consumption recovery offers new prospects to retailers especially in the regions.

Turkey is developing rapidly with 1.3 million new sq.m of shopping center space expected between 2010 and 2011. The park might grow by one more quarter in two years. Major projects are also in the pipeline : Forum Marmara (160,000 sq.m) is due to be completed in 2011.

France is behind Italy. It is the

MAB Development and Neinver signed a joint-venture agreement to develop designer outlet centres in France and Germany.

Neinver, a specialist of design, management and leasing of designer outlet centers and MAB Development, a shopping center specialist, join their experience and skills to develop 135,000 sq.m GLA and invest € 350 million over 5 years : 2 projects are already in the pipeline in France : The Style Outlets in Honfleur (Normandy) and Roppenheim (Alsace, northeast part of the country). Honfleur covers 18,000 sq.m GLA and houses 100 shops. It is due to be completed in 2012.

MAB will be responsible for the →

project acquisition and financing. It will develop them in partnership with Neinver from Spain, who is Europe's second largest operator of designer outlet centers, present in Spain, Poland, Germany, Portugal, Italy and France and manages 11 of them.

MAB Development and Neinver were honored during the 4th European congress of factory and designer outlet centers, which took place in France (Troyes) on April 7 and 8. They received the "Magdus Award 2010" in the category "Best project" in Europe for The Style Outlets in Honfleur.

Europolis, real estate investor in Central and Eastern Europe (€ 1.7 billion real estate worth) attracts 4 major firms.

They are US private equity firms such as Perella Weinberg and TGP Capital, CA Immo and New York fund manager Area Property Partners.

Europolis portfolio was estimated € 2.6 billion in 2009 and its liabilities 1.2 billion. Income revenues rose 15% to 42.5 million and EBITDA amounted to 30 million, growing 73% from 2008.

Its assets include 25 consolidated investments in the Czech republic, Hungary, Poland, Croatia, Romania and Russia plus 20 projects in Poland, the Czech republic, Slovakia, Hungary, Serbia, Romania, Ukraine and Russia. It also manages 45 shopping centres, office buildings and logistics parks in the Czech republic, Hungary, Poland, Romania, Croatia, Slovakia, Serbia, Russia and Ukraine. Retail accounts for 13% of its assets.

EUROPE

BULGARIA

Bulgaria, E.U's poorest country, is betting on the retail trade.

Carrefour just opened its 1st hypermarket in Sofia on April 20 in The Mall, the country's largest shopping center (66,000 sq.m, 185 shops) and the city's 5th. It expects to add 12 big-box stores by 2013 and will face competition from German Lidl, Rewe, Metro (11 units) and from Slovenia-based Mercator, the largest supermarket chain in the Balkans, which opened its 1st unit in 2009 and expects to add 6 more...

Bulgaria attracted € 6.7 billion ($ 9 billion) in foreign investment in 2008, one year after it became the E.U member. In 2009, the global crisis cut this volume to more than half and € 3 billion are expected this year. This poor country offers fair growth prospects : +1% in 2010 compared with a 5.1% decline in 2009. Average wage was $ 411 in September 2009 and GDP totaled $ 5,916 last year.

In March, Austrian developer Sparkassen Immobilien AG opened the centre "Serdika" ($ 290 million investment) in Sofia, which houses 210 shops, and the British Orchid Dev Group is completing a $ 135 million shopping mall in Varna, east of the capital city.

FRANCE

Okabé is France's 1st "green" shopping center opened March 25, 2010 in Kremlin-Bicètre, next to Paris.

The building includes offices (25,000 sq.m), a shopping center (27,850 sq.m GLA) in the 3 lower levels and 15 restaurants.

The shopping center, 98% leased, houses 74 stores including 4 midsized shops, all equipped with their own individual water and electricity meters, and the **Auchan** hypermarket (11,200 sq.m, 2 levels).

This "green" hypermarket expects an optimal management of the water, energy and refrigerating fluid consumption that would help to cut the energetic consumption by 20% and the CO^2 emission compared with a traditional hypermarket. In addition, Auchan has organized a selective waste recycling. It expects sales of € 150 million in 2013.

This building represents an investment of € 300 million including 145 million supplied by Altarea-Cogedim/Caisse des Dépôts, which expects 7 million visitors. This firm has a commercial real estate patrimony of € 2.3 billion and 1.5 more billion of projects in its portfolio. It is present in France, Spain and Italy where it just opened the "Le Due Torri" shopping center in Stezzano (42,000 sq.GLA).

In short...

Carrefour is the 1st global retailer to settle in Iraq since the war.

World's second largest retailer by sales will open a hypermarket in Arbil, north Kurdish in September. It will be operated on a franchise-agreement basis by Majid Al Futtaim and will anchor a complex including a skating-rink, a bowling alley, a cinema complex *(cf.GRN March 2010)*…

Home Depot cut investment spending.

In its past exercise 2009, the world's DIY and home-improvement retailer cut its advertising budget to $ 897 million down from 1 billion the previous year and its investments to 966 million from 1.8 billion, including 26% allocated to merchandising and operations, 19% to maintenance, 19% to basic technology, 15% to new store openings and 21% various. It earned $ 2.6 billion in profit up form 2.3 billion in the previous exercise. Sales were down in Mexico, China and Canada to $ 7 billion from 7.4 billion in 2008…

The Cactus Group, leading retailer in Luxemburg, just signed a membership agreement with EMC, the central buying group of the French retailer Casino.

Cactus (2 hypermarkets, 10 supermarkets and Cactus Shoppi convenience stores, € 770 million in sales) will thus be able to "profit from attracting buying conditions and have access to quality home brand supplies"…

Migros profits up 3.6% in 2009.

EBIT was up 3.6% to $ 1.08 billion on sales down 3.1% to $.23.51 billion in 2009. Market share de-

Auchan : net profit of continuing operations down 6.5% in 2009.

Group posted sales up 0.5% to € 39.7 billion and up 3.7% on constant changes excluding petrol. On a like-for-like basis, total sales were down 1.2% only.

In Western Europe, which accounts for more than 76% of the Group's revenue, sales decreased by 2.8% due to the lagging economic cli- →

creased from 20.5% to 20.4% and 0.5% to 28.1% in grocery…

H&M net profit jumped 45.2% to $ 521 million in 1st quarter to February 28, boosted by new openings in South Korea and Israel. Sales rose 13% in local currency to $ 4 billion and 2% on a like-for-like basis.

In March, total sales grew by 21% compared with the same month a year earlier and like-for-like sales by 9% vs. a decline in February. In February, it had total sales up 10% and down 1% at same-store-sales stores.

In the three-month period, the world's 3rd largest fast fashion retailer by sales opened 10 stores only and closed 6 bringing the count to 1,992. As for the second quarter, it plans to add 73 new units in U.K, China, Norway, Denmark and Germany…

Conforama France expands it franchisee network.

Two former But furniture stores in Brittany will adopt the Conforama banner growing to 20 the number of Conforama franchisees in the hexagon…

Ikea plans to invest $ 1 billion in its Russian largest shopping center.

The Swedish retailer, owner of 13 Ikea stores and Mega centers in Russia, will start building the Europe's largest center and one of its world's largest units in 2011. It will cover a 50-hectare piece of land in Mytishchi, north of Moscow and is due to open in 2013.

In addition, the Ufa store in which it invested $ 155 million, is expected to open by this year's end. It was scheduled to open in 2008 but was postponed for various reasons…

mate. Growth hit 12.9% in Asia and in Central and Eastern Europe despite the unfavorable currency change impact in this last region (especially in Ukraine). Both regions accounted for 24% of revenues en 2009 vs. 21% in 2008. In Ukraine, as the result of the difficulties encountered by Anthousa (Furshet supermarkets), a charge of € 36 million was booked for goodwill impairment. Currently, Auchan international business stands now at 53% up from 50% one year earlier.

Net profit group share decreased by 9.1% last year from 727 million. Net profit of continuing operations was down 6.5% to 696 million. EBITDA rose 3.9% to € 21.3 billion helped by the cost control.

In France, hypermarket sales were down 3.5% to € 14.8 billion. On a like-for-like basis and excluding petrol, sales were down 1.4% only.

As for full-year 2010, the French retailer expects to open 7 hypermarkets in Western Europe including 2 in France and 9 in Central and Eastern Europe plus 6 in China.

Key figures to December 31, 2009 (in € million).

	2009	2008	variation
Revenue	39,671	39,484	+0.5%
EBITDA	2,348	2,260	+3.9%
Operating profit	1,307	1,317	-0.8%
Net profit of continuing operations	696	744	-6.5%
Net profit Group share	661	727	-9.1%
Investments	1,536	2,126	-27.8%
Net debt	2,856	2,820	+1.3%
Liabilities	7,813	+1.3	+7.3%
Net debt/liabilities	37%	39%	-

Source : Auchan

Carrefour exceeded its target in the 1st quarter of its 2010 exercise.

To March 31, Carrefour posted total sales up 5.5% to € 23.96 billion ($ 33 billion) and up 0.3% on a like-for-like basis and excluding petrol, for the 1st time in 18 months. In France, sales were still down (-0.6%) and in Europe (excluding France) also (-2.4%). Quarterly sales were driven by an aggressive growth in the emerging markets of Latin America (+9.6%) and Asia (+1.6%).

In France, where Carrefour earned market shares (80 basis points), total sales grew by 2.1% to € 9.79 billion after declining 2.8% in the 4th quarter, helped by supermarkets (up 7.8%). Hypermarkets were still down but their decline (-1.2%) was limited compared with previous quarters. Discount stores fell 10.5% to € 613 million).

In Europe, excluding France, sales were flat at € 8 billion as activity was impacted in Belgium by strikes following the announcement of store closures in the country. In Asia, they rose 6.9% to € 2.3 billion, driven by China (+7.9%) and in Latin America they were up 30.8% to 3.8 billion thanks to Brazil (+40.5%).

Carrefour has announced to sell 40% of its subsidiary PT Carrefour Indonesia to Trans Corp, the holding firm of Para Group's media and entertainment business. It retains a 60% stake of Carrefour Indonesia, which operates 79 stores and plans to add 13 more in 2010. Carrefour also announced it would buy back up to 6% of its share capital over one year.

Casino, still driven by its international activity in the 1st quarter 2010.

In the three-month period in France, sales of the Franprix-Leader Price discount network fell 3.5% to € 976.9 million : on a like-for-like basis, sales were down 10.8% at Leader Price and up 0.6% at Franprix. Sales at Géant hypermarkets declined by 4.7% on a like-for-like basis excluding petrol to € 1.2 billion. Now, while the average basket remained stable (+0.2%), traffic slid (-4.9%). Supermarkets improved their sales down 1% versus a -3.4% decrease in the 4th quarter 2009 to 798.7 million and Monoprix posted a solid growth on a like-for-like basis of +2.3% to € 470 million.

Total sales in France rose 0.4% only to € 4.22 billion and international sales rose a robust 10.6% driven by the very high organic growth of South America (+13.3%) to 1.7 billion, impelled notably by the very strong gains in Brazil, and a still robust growth in Asia (+7.3%) to € 449 million. On a like-for-like basis, sales of both regions were up respectively by 10.5% and 5.3%.

Intersport continues growing in a sporting goods market declining for the second year in a row (-0.5% in 2009).

In 2009, Intersport Group earned market shares and sales were up

2.12% to € 1.1 billion.

- **Intersport Plaine** (349 stores, 87% of the Group sales) developed 4 worlds : outdoor (ski and walk), running, multi sporting goods accessories and swimming. The brand sales were up 1.32% on a like-for-like basis, traffic rose 3% and the market share 3.2%.
- **Intersport Montagne** was up 0.4% on a like-for-like basis thanks especially to favorable weather conditions that offset the decline of the international customer traffic and sales.
- **Sport Leader** was up 1.2%.

For 2010, the Group expects to add, relocate or enlarge 28 stores, totaling 35,000 sq.m and plans potential sales of € 87 million.

Intersport in France is a coop gathering more than 580 stores under the Intersport, Sport Leader, Shooz and Sport Expert banners. Intersport International is the world's leader of the sporting goods retail market with an excess of 5,200 stores in 38 countries and € 9.3 billion in sales.

RUSSIAN FEDERATION

Auchan, one of the most active foreign firms in the Russian market, is the country's second largest retailer after X5.

Mid-March, a controversy opposed the French group to the Russian authorities over various federal taxes and penalties. Now, data brought to the Court make possible to know Auchan performance in Russia, which are unveiled by Vedomosti. Average sales would be between 15 and 20 billion rubles per month (€ 378 to 504 million), which would grow total sales to 180-240 billion (€ 4.5-6.3 billion) making it the second largest retailer after X5 (275 bil.rubles, € 6.9 billion). Sales per sq.m of sales area would range from 600,000 to 800,000 rubles (€ 15,000 to 20,000) compared with 258,884 for X5 in 2009 and 161,000 for Magnit. Net margin hits 20% compared with 24.4% at X5 for 9 months in 2009 and 23.3% at Magnit.

In Russia, Auchan operates a total of 26 Auchan hypermarkets of 20,000 sq.m and 13 Auchan City hypermarkets (3,000 sq.m to 6,000 sq.m), totaling more than 300,000 sq.m. It also operates the new chain of deep discount hypermarkets under the Raduga banner in the cities of Penza and Kaluga, launched in December last year. In 2010 Auchan expects to add 6 new hypermarkets.

According to Jean-Pierre Germain, ceo Auchan Russia, the firm is leading a cautious financial policy avoiding an excessive debt, "This strategy allows us to concentrate on optimizing the business process, and not on finding refinancing sources," he said. According to documents brought to the Moscow Court, the retailer's largest expenses are : its 3,113 suppliers (16 bil.rubles per month on average), rents (1.7 bil.rubles per month) and wages (0.5 billion). On Auchan total sales of € 39.6 billion in 2009, Russia would account for more than 10%.

Carrefour retired from Russia in 2009, German Edeka closed its Marktkauf hypermarkets in 2007 and Turkish Enka its Ramstore hypermarkets, which it sold to Auchan end of 2007.

UNITED KINGDOM

Six foreign retailers are ready to open stores in British high streets.

According to The Observer, the recession had an impact on British urban centers so that 1 store in 10 is vacant. Now, positive signs of recovery attract new foreign retailers to which landlords offer nice rental propositions. Among them, Best Buy, Victoria's Secret and Forever 21 from America and Cortefiel, Next and Clas Ohlson from Europe.

American retailers such as Abercrombie & Fitch and Best Buy were already present in this market. Impacted by the crisis, they remained convinced to continue their expansion in U.K, attracted by this important retail market ($ 249 billion, € 325 bil. in 2009). They are :

- **Victoria's Secret** operates an excess of 1,000 lingerie stores in the U.S. and 300 in Canada and has an online activity with $ 6 billion sales. Its mother-company, Limited Brands, wants to launch Bath & Body Works, another of its banners, in Europe this year and is seeking partners to open stores in franchise and compete with Boots and Body Shop.
- **Cortefiel** is Spain's second largest clothing retailer operating 1,600 stores in 60 countries under the Cortefiel, Pedro del Hierro, Springfield and Women's Secret banners. It generates sales of € 1.3 billion and drives 85% from Spain. It is owned by a consortium and just signed a joint venture agreement with the British developer Land Securities to open 20 stores annually over the next 5 years. It will introduce its eponym fashion brand plus two more : the lingerie specialist retailer Women's Secret and the clothing chain Springfield.
- **Forever 21** : the American fast fashion and cheap retailer is present in Japan, Malaysia, China and the Emirates. The shops it plans to open in London in 2011 will be its first outlets in Europe. It is expected to generate more than $ 2 billion in global sales in 2010.
- **Vero Moda** is part of the Danish Bestseller clothing group (€ 1.7 billion sales excluding China) and operates 1,700 stores in 45 countries plus 2,200 in China. In U.K, the first Vero Moda-Jack & Jones outlet will be opened this summer in London, on Oxford Street.
- **Clas Ohlson** : the Swedish retailer has 110 hardware stores and an online business, selling everything from tools, electrical equipment, toys to office supplies… at cheap prices. 5 stores are already opened in U.K, 2 more in April and 10 are planned in 2011. U.K is its 1st foreign country outside Scandinavia.
- **Best Buy** is America's largest electrical retailer ($ 45 billion in sales). It entered U.K while buying a 50%-stake in the retail division of Carphone Warehouse. Its 1st British store opens in May in a shopping center, 4 more will be added this fall covering 4,500 sq.m each.

Kingfisher : profit for the year jumped 86.9%.

British Retail Group, Europe's leader of home improvement and owner of B&Q and Castorama in France, reported a profit of £ 385 million (€ 430.97 million) up from 206 million in 2008, a net increase of 86.9% in one year on sales of £ 10.5 billion (€ 11.96 billion, +4.8%), down 1.5% on a like-for-like basis.

Retail profit rose 29.4% to £ 664 →

STUDIES

CONSUMPTION IN CHINA OVER 2015 FORECASTS

China's leaders acknowledged that the former economic model, depending highly from exports and government investments, had reached its limits. When the global crisis reinforced this evidence, Beijing answered by stimulus programs of $ 600 billion and by new State-owned loans. In the short term, these remedies helped to re-establish growth successfully, but risk to increase structural distortions making the country's economy vulnerable to the external demand shakes.

According to the Mc.Kinsey Global Institute (MGI), growth will rise 39% of GDP, or 3 percentage points more than the current level, over the next 15 years showing this way the heavy dependence of the country from exports and spending led by the government to sustain this growth. This growth would even rise to 45% of GDP or much less than other major economies. If Chinese leaders urged aggressive reforms more aggressively, they could push private consumption up to above 50% of GDP in 2025 in line with the developed countries of Europe and Asia.

In the next 15 years, China can hope to highly increase private consumption share of GDP providing politicians launch a new policy, new structures and institutions, better tailored to the country's status as a major maturing market economy. This transformation would make the economy more stable and fair with a more efficient use of resources, create more jobs, isolate citizens from the export fluctuations and the country would contribute more to the world's growth.

Private consumption totaled $ 890 billion in 2007 making China the world's 5th economy behind the U.S, Japan, United Kingdom and Germany and just rose to the 3rd position. With 36%, its ratio consumption/GDP is half that of the U.S. and about two-thirds those of the European countries and Japan. China has the weakest consumption rate of all world major economies, except Saudi Arabia, whose oil exports contribute highly to the economic output.

In fact, the ratio fell almost 15 points since 1990 and continued its high dip in the wake of the financial crisis. The U.S. remained at more than 50% of GDP, even during World War II. In Japan and South Korea, consumption stayed above 50% during the fast industrial development periods.

The low consumption rate of the Chinese is structural and behavior dependent. Households have a strong capacity to save : about 25% of their average incomes, or 6 times the rate for the Americans and 3 times the rate for Japan. It is true that this rate is 15 points above the average GDP for Asia. On one side, household incomes account for approximately 56% of the national income compared with more than 60% in Europe and more than 70% in the US. Consequently, no effort led to improve highly the consumption rate can be successful without changing structural factors, which concentrate revenues far from consumers and discourage them from spending even their modest shares.

Private domestic consumption as % of GDP in 2008.

Mexico	73	India	57
Chile	71	Japan	55
USA	71	Germany	54
South Africa	68	Taiwan	54
United Kingdom	67	Thailand	54
Brazil	65	Hong Kong	53
Russia	62	Malaysia	52
Poland	61	South Korea	48
Canada	60	Singapore	40
France	58	**Chine**	**37**

Source : Global Insight ; McKinsey Global Institute analysis

Chinese reluctance to consume.

It is likely that this lack of appetite is led by the absence of adequate health-insurance and because Chinese cannot rely on government or employer-sponsored programs to provide it for them during their retirement. The link between programs of social welfare and private consumption is complex but the moral obligation to wide these protections (wealth and retirement) to millions of Chinese who lack them is clear. In the long term, to improve social wealth would free their anxiety about the future and boost consumers' trust.

Mc.Kinsey believes that better guarantees in both sectors would not grow highly private consumption in 2025. The question is, who will pay for that? If it is through increased wage taxes, households would have less pressure to save and finally less money to spend. More, all efforts led to widen the health-insurance coverage would probably need a substantial growth of public outlays for the medical care and would reinforce the share of the total consumption by the government. Mc.Kinsey estimates that at best such improvement would grow the private consumption share of the GDP by one point only above the 2025 projections.

Make merchandise and service more available would encourage Chinese to spend more.

Too few merchandise are adapted to the needs of those who would like to use them. Prices remain high compared with incomes : a Chinese has to work more than 7 hours to buy the same number of goods and services than one American earns in one hour only. In the rural regions, where live more than half of the 1.3 billion of Chinese consumers, the organized retail trade does not account for more than 18% of the consumption vs.50% in the urban zones.

Even with high-quality goods immediately available, Chinese consumers hesitate to buy on credit. With 3% of outstanding consumer debt, they are well below other major developing countries such as Brazil (12%) or Russia (7%). In addition, the privatization of the lodging park has created new saving imperatives as only the wealthiest urban families can obtain mortgages, which account for just 23% of the value of the new houses in China compared with 65% in the United States.

Again, to finance university studies accounts for high savings and even could be the highest. In China, local governments provide primary and secondary education. But, according to 2009 studies, it seems that almost 9 households in 10 hope to send their children in universities whose costs are high compared with their incomes and account on average almost half of the disposable revenue of a typical Chinese family.

According to Mc.Kinsey, measures to ease consumption spending through the offering of products more easily available and of better quality and an enlarged access to consumption credit and financing for a some university-educated Chinese would grow the consumption share of GDP from 2.8 to 4.7% in 2025.

To restructure investment-focused economy.

A stronger social protection and a better access to goods and services will encourage households to save less and spend more over time. But, the country cannot hope to stimulate consumption highly unless it changes the current major trend : households account for only a small share of the national income. Now, every major increase of household incomes will necessitate in its turn political changes with long range, which will change the most basic structures of the economy.

In the past two decades, the household share fell to 56% from 72% of GDP. Reality is that economy creates too few jobs compared with its size and fast expansion.

In the end, China cannot expect to liberate consumption unless economy creates more jobs and pays higher wages, generating inevitably structural changes. Banks should be urged to support the service sector and medium-sized firms. Dividend policies of State-owned firms should change and the development of the equity markets encouraged. In 2025, all this might add 3.5 to 6.0 points to the consumption share of GDP.

Fundamental changes.

If the country has evolved towards services and consumer products, however two major gaps remain wide open : between what was proposed and realized and between what was realized and the country long-term potential. Government stimulus programs, while offsetting the collapse of the export demand of Chinese products, helped the country to resist during the immediate impact of the global recession. But, this impact was weak to make the balance in favor of the private consumption. In the short term, it will be the contrary: of 89% of its investments in infrastructures, 8% only is allocated to measures to support consumption.

To move away from the old models will impose difficult economic and political choices and will create opposition. An economy more focused on consumption will break capital and resources more efficiently, create more jobs, distribute more equitably the benefits of growth and generate a faster growth. In the past, China displayed a remarkable capacity to proceed rapidly to vigorous economic changes with vast national objectives in view. It can do it again while evolving towards a new vision of the economic world and easing purchasing power for its consumers.■

STUDIES

THE NEW JAPANESE CONSUMER

Major changes in the attitudes and behaviour of the Nippon consumers and challenges for the foreign firms present in the world's second largest retail market.

Japanese consumers now look like their European and American counterparts according to a recent McKinsey survey. They are famous for accepting paying more for quality products and generally are not very interested in cheaper goods. Now, they are rushing in discount stores and online web sites today. Sales of home-brand grocery, generally affordable, rose significantly and many consumers, despite the small size of their home, buy in bulk. Instead of dining out, they remain at home and workers prepare their own meals.

This fundamental change is likely to persist whatever the economic recovery as it is relying on deep-rooted factors ranging from the digital revolution to the emergence of a brand new generation less materialistic.

How the Japanese consumers are changing?

Contrary to Europeans and Americans, they have avoided low-priced merchandise preferring high-end department stores and more expensive supermarkets. They accepted to pay more for quality products and their appetite for brands gave birth to a luxury mass market in which to own exclusive expensive products seemed necessary. This trend contributed to boost retail sales to $ 1,480 billion in 2008 making the archipelago the world's second largest retail market behind the United States. However, consumers change rapidly in 4 main ways :

Quality product hunting.

Japanese consumers cut their costs and change their mind accepting to pay for convenience : according to a September 2009 survey by MyVoice Internet, 37% of them had reduced all their spending and 53% declared they preferred "spend time to save money" rather than "spend money to save time". In the apparel sector, high-end department stores, worrying as they see they customers going away, have started to lease spaces in their own units to price-focused specialty retailers such as Uniqlo and Forever 21. Japanese beauty-product firms are launching cheaper merchandise more aggressively. Luxury firms see a decade growth disappearing as sales are falling 10 to 30% annually.

However, private-label products are booming but they are still in the transition phase. Until a recent period, their penetration rate was just 4% vs.20% on average worldwide. Seven & I and Ito-Yokado plan a 60%-growth to 320 billion yens ($ 3.4 billion) this year.

Spending more time at home.

Japanese consumers were accustomed to spend little time at home as they work long time and have small homes. However, almost 50% of a representative sample of various consumers from age and regions spend now more time, even much more time, at home. This behavioral change is new. In fact, the MyVoice Internet survey had revealed the 4 main ways, which Japanese had chosen to spend their time : surfing the Internet, watching television or reading newspapers, remaining seated at home or listening to music.

46% of the Japanese are more likely to choose activities at home rather than outside.

Compared with 1 or 2 years, how much time are you spending at home? (in % of respondents)

About the same	44%
Somewhat more	26%
Significantly more	20%
less	10%

Source : McKinsey, Nov 2009

Buying differently.

Japanese are changing not only in what they buy but also in the way of buying. They are now more ready to travel, leave department stores because of their expensive goods, "annoying staff" and an "inability" to shop at their "own pace" and prefer spending their time in malls and stand-alone specialty stores.

Online retailing helps saving time and staying at home. If the country has the highest broadband penetration rate worldwide, it is far behind the developed markets such as United Kingdom and the U.S as its consumers do not have the same desire to buy online for several reasons : they like the experience of shopping in brick and mortar units, mobile screens are too small, the retail store density makes online retailing less interesting as concern convenience and a low credit card penetration rate.

Referring to another MyVoice Internet survey, dating back to April 2009, more than 50% of consumers buy more online than 12 months ago. Online retailing of physical goods, excluding ticket sales and electronic downloads of medias (music, movies and software) accounts for almost $ 30 billion according to estimates up from $ 1.3 billion only in 1999 according to Euromonitor International.

Online sales will grow to at least $ 50 billion in 2015 in Japan according to Euromonitor.

In a society in which individual choice and expression were historically put aside, the capacity to choose products, compare prices and shop in a relatively anonymous way creates new attitudes.

To be health and environment conscious.

Japan has always been one of the world's healthiest societies thanks to lifestyles, diet and genetics and its consumers are increasingly conscious of their health. The same survey of MyVoice Internet shows that spending in health, sports and leisure for example was maintained higher than in any other category of the retail trade. One of the consequences of this major interest of Japanese for their health is the growing popularity of drugstores. It is the fastest-growing retail category since 2000 as their number rose 4% and their sales 8%.

To be environment conscious has now been emerging for some time. In 2009, the J.Walter Thompson advertising agency discovered that 51% of the Japanese consumers were few or much more focused on the environment than one year before : 7% only were less focused. According to McKinsey survey in November 2009, 84% of the interviewed preferred buying green merchandise, hence a direct translation into figures.

Like their counterparts in other markets, 16% only of the Japanese interviewed in the recent McKinsey survey, showed their interest for green products or services, accepted to pay more for them.

Reasons of the attitude changing.

Three factors contribute to these trends : first, the actual economic crisis made Japanese more frugal like Europeans and Americans. Then, there is a trend to work longer : the archipelago economy has been relatively low for almost two decades. The disappearance of long-life jobs and increase of temporary and part-time jobs feed consumers' anxiety. In October 2009, the Anxiety Index of J.Walter Thompson suggested that 90% of Japanese consumers were anxious or nervous, which was the highest rate worldwide.

A second factor concerns the emergence of a new generation with totally new attitudes : a young population in its 20s, who has grown up in a difficult economic context, totally ignoring the booming periods of the two previous generations. Many people of this new generation avoid life in society and tangible properties. They are more pessimistic and were generally more unemployed than their elders.

They represent a challenge for the marketing specialists, as they are more ready to spend money in services rather than in merchandise and in technology rather than in other goods.

All the market changes are important for local and international firms. To start, retailers and manufacturers should focus more on the loyal customer, on the way to find him and keep him and they should accept to experiment new store formats better tailored to the manner in which Japanese do their shopping now. Firms should also take interest in online shoppers for every product category, be high or low end.

The new state of spirit over value gave birth already to the success of McDonald's that has become Japan's largest restaurant chain. Ikea is also the country's second largest furniture seller. Seiyu stores of Wal-Mart registered their best financial performance since Wal-Mart entered Japan. Amazon.com is highly performing. Foreigners succeed highly and local manufacturers and retailers have to answer pro actively. Some are prosperous like the furniture group Nitori and the online retailer Rakuten but others may need to merge, to cut their operating costs to remain competitive even to join their forces with large retailers to bypass wholesalers and middlemen.

It is sure that Japanese are now more looking like their Western counterparts. For Western companies, which have long considered the archipelago not only like a different market, but like a difficulty market, this may be good news.■

STUDIES

Portrait of the Indian shopper.

According to a recent study on 7 Indian cities by the Institute of Technology and Management of New Mumbai and published in the Journal of Retailing and Consumer Service, the window-shopping is important for all Indian consumers with high disposable revenues or not. Those with low purchasing power visit centers more often and spend more time just looking at merchandise but buy few of them. However, Indians with high purchasing power visit shopping centers more often and spend more time there : 22% of them generally spend more than 4 hours compared with 9% of consumers with low purchasing power. They go there with a precise idea of what they will buy, purchase goods and leave.

This is the result of an interview of 2,700 visitors in the centres of Bangalore, Gurgaon, Hyderabad, Mumbai, New Delhi, New Mumbai and Vadodara.

International studies show that women spend more in shopping centers. But the recent Indian study suggests that men not only spend more but also visit them as much often as women and spend almost as much time as them.

Large families buy more and the greater the number of children is, the greater are the purchases. It was also discovered that there is no correlation between the number of wage-earners of the family and the purchase volume. Marketing experts think that these trends might change over time as the shopping center sector in India is still evolving attracting many visitors looking for novelty. Consequently, to visit a center by pure curiosity might last during two more years after its official opening.■

million, driven by France, supported by margin and cost cuts. In other foreign countries (Spain, Turkey, Poland, Russia, Germany, China...), profits rose 77.8% to £ 125 million on sales of £ 1.8 billion (up 5.1%). Spain registered its first profit.

In France, the Group's largest division by retail profit (£ 322 million, up 3.7%), sales were down 3.4% on a like-for-like basis to £ 4.2 billion. The division was impacted by Brico Dépôt (-5.4% LFL), suffering from the slowdown in housing starts (down 17%) and the weak market (down 11%). Castorama delivered flat total sales of £ 2.2 billion (down 0.9% LFL and -0.9% on a comparable store basis) supported by its modernization program.

U.K and Ireland delivered total sales up 1.2% to £ 4.4 billion (-0.1% LFL) and retail profit jumped 64.5% to £ 217 million on a constant change basis helped by the TradePoint trial program. TradePoint is a special counter for professionals in B&Q stores.

In China, where a major turnaround plan is on track, losses almost halved in the year and the net store number declined leading to a 11.1%-sales decrease.

As for 2010, Kingfisher plans to improve profitability at B&Q in U.K and Ireland, operate opportunities of the market in U.K through the extension of the Screwfix offering, develop activities in France while growing commercial space by 2%, continue expanding in Eastern Europe while adding 15 new stores and turnaround B&Q in China.

Tesco : earnings up in 2009 boosted by Asia.

World's 4th largest retailer posted a 8.7% rise of its underlying pre-tax profits to € 3.87 billion ($ 5.13 billion) thanks to its expansion in Asia and investment in loyalty scheme Clubcard in U.K. Trading profit grew by 12.3% to € 3.84 billion in the 12-month period to end of February on sales up 10.1%. Total sales were up 6.8% to € 71.97 billion including 48.62 billion in U.K

Losses generated by convenience stores Fresh & Easy in America deepened to € 190 million up from 163 million one year earlier.

This year, Tesco will invest $ 3.9 billion in China to add 6 "Lifespace" shopping centers, bringing them to 9, and hypermarkets and will reinforce its expansion overseas.

Marks & Spencer reinforced sales growth in Q4.

The UK's largest clothing retailer by sales remains cautious for 2010-11 and expects flat sales as the new government will have to take decisions concerning potential tax hikes and public spending cuts to reduce the deficit of the country (€ 186 billion, $ 249 bil).

In U.K, Marks & Spencer like-for-like sales rose 5.1% during the quarter to March 31 from +0.8% in the 3rd quarter that included the Christmas period. Online sales rose 48% but international sales fell 5.9% due to tough conditions in the republic of Ireland and Greece and the negative impact of currency fluctuation.

Group sales rose for the 5th quarter in a row by 4.8% and in U.K sales improved by 6.2% for the 4th consecutive quarter.

Sir Stuart Rose expects a full-year pre tax profit between £ 620 and 630 million (€ 708 and 720 million). Pre bonus operating costs (€ 91.35 million bonuses are paid to employees) are estimated to grow by 4 to 5% due to the selling space increase and capital expenditure to be between € 571 million and 628 million.

AMERICAS

UNITED STATES

Vacancy growth in shopping centers and malls.

The vacancy rate kept rising : in the malls of the 77 largest U.S. markets, it grew by 8.9% in the January-March period, up 0.1% from the previous quarter and it is an improvement.

The vacancy rate growth is due to the fact that discount stores are expanding rapidly such as Dollar General or electronics stores such as Hhgregg Inc and clothing stores including Forever 21, which fill the gaps left by retailers that went bankrupt (Linen N' Things and Circuit City).

US shopping centers that are smaller than malls were more impacted as they have a grocery store as a flagship. Their tenants are more local while retailers in malls are more national such as Gap Inc and Foot Locker. Their vacancy rate in the 77 largest U.S. markets grew by 10.8% in the 1st quarter or 0.2% from the previous quarter and up 1.3 point from a year before. It is also the highest vacancy rate since 1991 (11%).

ICSC, which expects recovery to start this year, plans retail sales up 5.1% in the 1st quarter from a year before.

Source : The Wall Street Journal

American retailers consider expansion in Canada, a nearer and more familiar market than Europe or Asia.

Still hurt by the recession and worrying about their expansion, American retailers are going out of the U.S. to enter Canada. J.Crew Group is seeking its first foreign locations, Limited Brands is introducing Victoria's Secret and expects to double its Bath & Body Works number over this year's end and Gap Inc. plans to add more stores.

To cross the border underlines an important challenge faced by leaders of American firms. They are many to estimate that the economy is still too fragile to take high risks but they need to lead their expansion again. Now, Canada helps them to internationalize on a nearer and more familiar market than Europe or Asia.

Apparel firms have saturated the U.S. so much during the past decade that even if consumers spend again, many retailers have to look outside their country to expand substantially in the longer term.

To settle in Europe and in Asia is delicate, as retailers have to learn new laws, new habits in terms of purchasing, tastes and sizes. Canadians are familiar with the American brands and have similar tastes. They like higher quality products and outdoor clothing.

In Canada, sales remained stronger during the world crisis than in the U.S. and the market is less saturated. There is 1.26 sq.m of shopping center area per capita compared with 2.07 in the U.S according to ICSC.

Foot Locker : priority objectives and global expansion.

Ken Hicks, new ceo since 2009, has set as a main goal to transform →

Foot Locker in "the leading global retailer of athletically inspired shoes and apparel" according to Women's Wear Daily. Clothing of national and private brands will be in the middle of the retailer's concern over the next five years. Foot Locker seeks to grow sales from $ 4.9 billion in 2009 to 6 billion, average sales per sq.m from $ 3,580 to 4,300, EBIT from 2.6% of sales to 8%, rise net margin from 1.8% to 5% and accelerate stock turns from 2.2 times in 2009 to 3. Gross margins rising 30 to 31% of sales from 27.7% and sales, general and administrative expenses down from 22.6% to 20-21% are also expected.

To reach this goal, each group division will receive a different identity. This program encompasses 3,500 stores under the Foot Locker, Lady Foot Locker, Kids Foot Locker, Footaction, Champs Sports and Eastbay banners. It consists in upgrading clothing and shoe offering and going on leading an actively growth in national and foreign markets. Divisions had become totally homogenous and offered a large number of similar products cannibalizing themselves. The program consists also in forging an identity for each group, Foot Locker targets the athletic connoisseur, Lady Foot Locker catering to the active woman's needs, Kids Foot Locker becoming "THE" quality brand for athletic children, Foot Action for the fun and fast urban customer interested in sports, Champs targets the sports fan and Eastbay the real athlete. The newest test concept, CCS, intends to appeal to the style-conscious skater.

In 2009, sales fell 7.3% to $ 4.83 billion and like-for-like sales 6.3%. This year, Foot Locker will increase the choice of popular national brands such as Adidas and Under Armour and create a real new private brand. In store merchandising will be reinforced for all brands. "We merchandised our apparel like we merchandised our shoes," said Ken Hicks. "Since stores started to better present their merchandise, sales grew."

Among other projects, Foot Locker plans to open 60 stores annually including half in foreign markets. In 2009, it closed 106 under performing units and cancelled 120 jobs.

General Growth Properties : Simon Property Group made a new offer.

Simon Property Group, the largest owner of American malls (321), proposed to invest $ 2.5 billion in its competitor, General Growth Properties, under Chapter XI protection, in partnership with the hedge fund Paulson & Co ($ 1 billion). $ 3.5 more billion would be added by Pershing Square Capital Management and Fairholme Capital Management or other investors recruited by Simon in case Pershing and Fairholme would not follow it. This new offer would be at the same level as the offer from Brookfield.

In exchange, Simon, Paulson and other investors would receive two thirds of GGP stock, once the firm has emerged from the bankruptcy proceedings.

In the beginning, Simon had made a purchase bid of $ 10 billion. It was declined by GGP, which joined its forces with the Canadian real estate firm Brookfield Asset Management, for an investment of $ 2.63 billion to help it emerge from the situation. Now, the Brookfield project is dividing GGP into 2 parts : Growth Properties and General Growth Opportunities (*GRN April 2010)* and brings to Brookfield a 30%-stake in the number 2 U.S. operator of shopping centres.

BRAZIL

Three giants are sharing Latin America's largest market.

Companhia Brasileira de Distribuicao Grupo Pao de Açucar ($ 13 billion revenues in 2009), Carrefour ($ 12.6 billion) and Wal-Mart ($ 9.5 billion) seek to invest highly in this country over the next years as middle classes are expanding, annual food spending are expecting to grow by 50% over 2015 to $ 406 billion according to estimates of Planet Retail Brazil. Compared with other BRICs, Brazil may offer fewer barriers than Russia, India or China. India forbids foreign multiple-brand retailers and Russia limits expansion of retailers. China attracts by its fast economic growth, which is expected to reach 8% this year versus 5.8% in Brazil. However, "Brazil is more developed in terms of infrastructure and wealth creation. Consumers are used to shopping in hypermarkets whereas retail in China is more traditional."

Wal-Mart is already number one in Mexico and seeks to overtake Carrefour to the second or 1st position in Latin America's largest market. It plans to invest $ 1.2 billion in 2010 to open 110 new stores in Brazil on top of its 436 existing ones and may be interested in one acquisition. To comfort its N°2 position in this market, Carrefour expects to add 70 new units and double the Brazil share of its total sales to 20% in 2015. Pao de Açucar, which is 34%-owned by the French retailer Casino, will invest $ 2.8 billion in 2012 to add 300 new stores to its chain of 1,080 units.

Iguatemi Mall opened in Brasilia March 31.

This luxury shopping center covers 33,000 sq.m of space and houses 300 stores including 4 flagships, 14 mid-sized stores, 16 restaurants... Among the major international brands, Louis Vuitton, Burberry, Hugo Boss, Nike, Zara…

Louis Vuitton opened its 1st shop in Brazil 20 years ago and has now 6. Burberry enters Brazil with a 1st shop in this mall and targets Sao Paulo in a next step.

Iguatemi opening corresponds to the 50th birthday of the city of Brasilia, the country's capital city. Customers are more traditional there than in other cities and it has a great number of millionaires, successful businessmen, politicians and diplomats. In addition, as it is well located in the middle of the country, it attracts consumers from other regions.

Iguatemi is one of the country's largest service firm specialized in the Brazilian shopping center sector. It owns stakes in 12 centers - including 64% of Iguatemi Mall- totaling 432,000 sq.m of GLA and 237,000 sq.m of owned GLA. Its activities are ranging from the conception to the planning, building and management of regional shopping centers and mixed-use complexes.

ASIA

McDonald's is targeting Asia.

The world's largest restaurant chain, present in China for twenty years, operates 1,100 units in its →

largest market by sales and profits, - 6 only are under a franchise agreement- and expects to grow to 2,000 by 2013. This year, it plans to open 150 to 175 new units compared with less than 150 in 2009 and to create 10,000 new jobs. Last year, it earned $ 4.55 billion on sales of $ 22.74 billion and is targeting a 3 to 5%-growth on the Chinese fast food market estimated at $ 300 billion and expected to rise 10% this year.

McDonald's has established its China's first Hamburger University in Shanghai (an investment of $ 36.6 million), its 7th in the world, in order to train its local executives to the human resources management and the real estate sector. This country accounts for 23% of its Asia-Pacific/Middle East/Africa sales, a region in which it will invest $ 415 million in 2010 to add 520 new restaurants up from 350 million in 2009.

In Asia, revenues are rising and a new middle class is emerging that can afford more than the minimum. Problems met by Japanese firms in the Asian markets.

Middle classes of this region grew from 140 million persons in 1990 to 880 million in 2008 and their disposable revenues are rising. They look for very famous and appreciated Japanese products and for low prices as well.

To better cater to their needs, the Japanese cosmetic maker Shiseido introduced a new method in China, Thailand and Vietnam. It consists in putting skilled salespeople being able to explain to customers how to use its products. Hence, 17.2% of its sales were driven from the Asia/Oceania region in 2008, multiplying by almost 5 times from 10 years earlier.

The same for the men's cosmetic line Gatsby by Mandom Corp. Launched in Indonesia, it owns a 70 to 80% market share as its products are easy to use.

Cosmetic makers are not the only one being interested in the developing markets of Asia. Restaurants chains such as Yoshinoya, retailers including Aeon are among the first service suppliers and product manufacturers entering Asia. Now, as the Japanese population is getting older and declining, domestic firms need to expand their exports.

But price is the first barrier that they face in the new Asian markets. Customers who buy electronics at Shanghai stores do not buy Japanese products but Chinese or South Korean goods. While Japanese products were traditionally admired for their high quality, Chinese and South Korean firms have quickly caught up in terms of quality and performance.

According to DisplaySearch, a U.S. market research firm, sales of flat-screen TVs by South Korean Samsung Electronics accounted for 29.1% of the shipping in the region between July and September 2009, followed by LG Electronics (21.7%) and Japanese Panasonic (12.7% only).

As Chinese and South Koreans are stronger, Japanese are now reviewing their strategies.

INDIA

New rules on Foreign Direct Investments in wholesale trade.

New rules issued by the minister of Industry at the end of March have caused uncertainty and concern among investors in the retail trade and may lead to review existing agreements. They precise that sales to "group companies" (the definition is not clearly precised) should not exceed 25% of sales of a cash & carry firm turnover and should be for "an internal use" only. They oblige also these firms to raise detailed reports of their daily sales such as indicate the name of the buyer, its registration number and the sale amount. Apparently, these new rules will not be modified and will not include any exception.

The most important concerns the 25% as some agreements were structured so that cash & carry firms owned by foreign investors sell the bulk of their goods to Indian retailers, who, in their turn, sell them to consumers.

India authorizes foreigners to own 100% of wholesale firms but bans Foreign Direct Investments in the retailers who sell directly to consumers. Foreign-owned wholesalers can sell to shops and restaurants but not to individual consumers. Now, while the prime Minister is in favor of foreign investments in the retail trade, many Indian activists and politicians hate big-box stores as they fear that 100% of FDI in retailers selling to consumers would push millions of small shopkeepers to unemployment. However, authorize them would help slowdown inflation by 2 points thanks to their supply chains as food prices rose 20% in January compared with a year earlier.

Bharti and Wal-Mart operate a 50-50 joint venture since 2007 and expect to open 7 cash & carry stores this year and have 15 in 2012. They decided to take time to think about these new rules. Currently, Wal-Mart and Metro, which supply retailers, did not push their customers to give precisions on their VAT registration as requested by the new rules.

The Tata Group signed contractual agreements with the British Tesco and Australian Woolworth, who supply its Trent supermarkets and Infinity Retail. Tesco opened cash & carry units and simultaneously signed an exclusive franchise agreement with Trent. It gives the Star Bazaar hypermarkets of Trent access to its supply chain, computer networks and inventory management as well as to its infrastructures. In exchange, Trent will pay low fees to Tesco to use its services.

India retail market is expected to grow by 35% annually to reach $ 80 billion in 2015 according to McKinsey.

JAPAN

Retail sales up 4.2% in February after a 2.3% increase in January.

In February, retail sales hit a record boosted by stimulus government programs. Strong growth in the first two months of the year was the highest since March 1997 (+12.4%) according to the Ministry of Economy, Trade and Industry. Auto sales rose 15% and were not hurt by the Toyota problems, sales of electronic material such as flat screens rose 8.6% and sales of spring ready-to-wear 8.4%. But, sales at luxury retailers fell 4.0% in one year for the 23rd month in a row.

But this rebound remains fragile as deflation and unemployment (4.9%) continue threatening the economic prospects and Price Consumer Index fell for the 12th consecutive month.

In such a context, **Fast Retailing,** →

mother-company of Uniqlo, Princesse tam.tam and Comptoir des Cotonniers, unveiled net profit up 55.7% to $ 612.84 million in first half and sales up 31.8% to $ 5.21 billion. Operating income grew by 43% to $ 1.11 billion. However, sales of Uniqlo at stores open at least a year fell 16% in March from a year earlier in Japan for the second time in 3 months. It was the highest monthly drop in 7 years. Exceptionally low temperatures would be the reason. Now, it might also due to a reinforced competition and improving economic conditions could make Uniqlo less attractive. Total sales rose 13%. Uniqlo dependence of its home market might push it to expand in foreign markets, which currently account for 5.5% only. 10% are expected in 2010.

Uniqlo just signed a lease agreement to open a second store in New York covering 3,300 sq.m of space.

Takashimaya and H2O Retailing cancelled their merger project.

In 2008, both department store chains had announced their intention to integrate their operations over the next 3 years. The combined group would have been in competition with Japan's largest department store chain, Isetan Mitsukoshi Holdings in a latent context of weak consumption.

Takashimaya, 3rd largest department store chain, and H2O declared that the project would have requested too many resources. Both chose to organize new independent business plans and to collaborate in sectors such as store openings and fabric purchasing.

The growing pressure generated by falling sales pushed operators of department stores to group their resources while merging with one another and cut their costs while closing under performing units. In 2007, Isetan and Mitsukoshi merged and Daimaru and Matsuzakaya Holding the same year to give birth to J.Front Retailing Co and Hankyu with Hanshin with H2O.

For decades, Japanese upmarket department stores were considered as small leisure parks in which customers enjoyed shopping, entertainment and restaurants. Most of them now include art galleries, restaurants occupy one or even two levels and children's attractions are organized on their roof. This type of activity is no longer attractive to Japanese consumers. Hence, their sales fell 10% in 2009 to 6,584 billion yen ($ 71.5 billion) for the 3rd year in a row and it was the 1st time in 24 years that they fell below $ 72 billion. In February this year, a new 4%-decline was registered for the 23rd month in a row. A decade of deflation pushed consumers to shop at fast fashion retail stores and department stores lost market shares to the profit of specialty stores.

Takashimaya thus decided to close its flagship in the 5th Avenue of Manhattan, to focus on the Asian market (Singapore, Taipei). It is building a new unit in Shanghai to be completed in 2012, renovates some departments of its Osaka store and will do the same in Tokyo. Seibu, owned by Seven & I Holdings, is to close its unit in Ginza by this year's end. Isetan Mitsukoshi, which closed stores in Dusseldorf, Madrid and Paris in 2009, is reinforcing its presence in China and is now building a second unit in Tianjin. It expects a net loss of $ 705 million in its exercise closed March 31.

MIDDLE EAST

Landmark Group is to invest $ 150 million in Middle East over the next 3 years.

The same day, this retail conglomerate opened 25 shops and 3 restaurants, covering more than 30,000 sq.m of space, mid-March in the brand new Mirdif City Centre of Dubai. Beyond the GCC, Landmark Group, one of the largest conglomerates in Middle East (900 stores in 14 countries), seeks to expand to Egypt, Lebanon, Libya and Syria. It occupies almost 100,000 sq.m of space in 10 shopping centers of Majid Al Futtaim, or 11% of MAF total GLA area in the region.

Beyond leisure (Fun City) and hotels (Citymax), the Group from Bahrain origin, is diversified in the retail trade, especially grocery, under the Gourmet Station, and Foodmark banners. Its restaurants are operated in franchise under the Mango Tree, Mango Tree Bistro, The Meat Company banners…

On its side, **Alshaya** opened 29 shops totaling 15,000 sq.m of space in the same center under the Debenhams, Mothercare, Topshop, Next, H&M, Starbucks and Boots banners and also Office Depot that just entered the Emirates.

Alshaya Group, which owns 1,800 shops in the region, declared having invested $ 40 million in the real estate, infrastructure, marketing and people to open these stores.

Mirdif City Centre, opened on March 16, 2010 in Dubai. It is Majid Al Futtaim's 10th mall and the 3rd one in Dubai after Deira City and the Mall of the Emirates. It houses 430 stores in 180,000 sq.m GLA, a Carrefour hypermarket, a 10-screen multiplex, an outdoor cinema… 18 to 20 million customers are expected annually.

Spinney's to expand in Egypt.

The Middle East grocery chain signed a 20-year lease with Egyptian Centers, owned by Fawaz Alhokair Group, to open its 4th hypermarket (11,000 sq.m), its 3rd in Cairo, in the Mall of Arabia. This agreement is important for Spinney's expansion strategy in Egypt, present in this country since 2006 when it opened its first hypermarket in City Stars.

Egyptian Centers started its activity in Egypt in 2007 under the Fawaz Al Hokair Group and is now seeking to become the largest owner and operator of shopping centers in this country. The first of its projects in the pipeline is the Mall of Arabia in Cairo expected to cover 180,000 sq.m GLA.

Spinney's, founded in 1924 in Alexandria by Arthur Rawdon Spinney, is one of the leading premium big-box store chains in the Middle East (Lebanon, Palestine, Jordan and Egypt and through franchise in the Emirates) and North Africa.■

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Soren Lauridsen Managing Director
Carlsberg India Pvt.Ltd.
(Part of Carlsberg Group, Denmark)
Soren is the Board member of both Lao Brewery Company and Lao Soft Drinks Company (Pepsi) and some of Soren's key deliverables have been developing new world class communication platform for BeerLao and relaunching Carlsberg brand with more than 30 % growth beating Heineken for the first time and becoming no 1 International Beer Brand in Laos.

Christina Lim Deputy Director, Retail / Marketing
NTUC FairPrice Corporation Ltd.
From one supermarket, FairPrice has grown to become Singapore's largest retailer

Rashed Ahmed Area Marketing Director
British American Tobacco
National Annual Corporate Report Awards (NACRA) 2009
Industry Excellence Award for the Main Board, Consumer Products Category

Anup Jain Marketing Director, Pizza Hut
Yum Restaurants International
YUM restaurants international which is global parent company of KFC, Pizza Hut, Taco Bell, Long John Silvers and A&W Restaurants operating in over 120 countries.

Andy Tosney Vice President of Sales
Kraft Asia
Prior to his current role in Kraft Foods Asia Pacific, he was the Global Customer Director of the $900 million Wal-Mart International business spanning 15 countries
Through local, regional and Global joint business planning, Kraft Foods were awarded "most improved" International supplier in 2007 (one of only 3 awards given to suppliers in Wal-Mart), in 2008 Kraft were awarded " best in the world supplier".

Argha Sen Head of Marketing and CRM
Toy's R Us
Leading regional marketing for Toys R Us Asia across 9 countries and more than 100 retail outlets and is the Head of Marketing at Asia franchise of Fortune 500 retailer

Rajdev Narula Point of Buying Leader, Asia
Cadbury Asia Pacific

Nandana Wickramage Group Director / Head of Marketing and Sales
Ceylon Biscuits Limited

Siddharth Banerjee Marketing Director
Unilever
Siddharth moved to Singapore in early-2008, and currently helps drive the regional category development agenda for Unilever in emerging markets

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Tel: ( ) ____________ Fax: ( ) ____________

Nature of Business: ______________________

Company Size: ☐ 1-9 ☐ 10-24 ☐ 25-49 ☐ 50-99
☐ 100-249 ☐ 250-499 ☐ 500-999 ☐ 1000+

Authorisation

Signatory must be authorised to sign on behalf of contracting organisation.

Name: ______________________

Position: ______________________

Signature: ______________________ Date: / /

This booking is invalid without a signature.

Fees

☐ **Conference fee @**
Book before 19th March 2010, pay only USD1,595 + GST / VAT (if applicable) per delegate
Book before 16th April 2010, pay only USD1,795 + GST / VAT (if applicable) per delegate
Book after 16th April 2010, pay full price USD1,995 + GST / VAT (if applicable) per delegate

☐ **Premier Plus** - Bring 3 or more delegates to this event and benefit from a 10% SAVINGS off the regular price (when Payments Terms are respected)

☐ **Online Documentation** - USD295. You will be provided a username and password to access the documentation online

All options include luncheon, refreshments & service charge. In accordance with delegate requests and our positioning as one of Asia's foremost business intelligence providers, **marcus evans** will now make its conference documentation available online. A website and password will be provided to you approximately two weeks before the event.

Indemnity: Should for any reason outside the control of **marcus evans** conferences, the venue orspeakers change, or the event be cancelled due to an act of terrorism, extreme weather conditions or industrial action, **marcus evans** conferences shall endeavour to reschedule but the client hereby indemnifies and holds **marcus evans** conferences harmless from and against any and all costs, damages and expenses, including attorneys fees, which are incurred by the client. The construction, validity and performance of this Agreement shall be governed in all respects by the laws of Malaysia to the exclusive jurisdiction of whose Courts the Parties hereby agree to submit.

Business Opportunities

A limited amount of exhibition space is available at the conference. Sponsorship opportunities covering the lunch and documentation also exist. For further details, please use the contact information given above.

marcusevans® conferences

Register Now

Code:E

Contact Marketing at **marcus evans**
Tel: +603 2723 6748
Fax: +603 2723 6699
Email: leec@marcusevanskl.com

Date: 17th & 18th May 2010
Venue: The Landmark Hotel, Bangkok, Thailand

Hotel Accommodation

Accommodation is not included in the training fee. To reserve accommodation at the training venue, please contact the hotel at +(662) 2254 0404 and make it clear that you are attending marcus evans training event quoting BK-MK1675 as a reference.

marcus evans
CP 21 Suite 2101, Level 21 Central Plaza
34 Jalan Sultan Ismail, 50250 Kuala Lumpur
Malaysia
www.marcusevans.com

Payment Method

Payment is required within 5 working days on receipt of invoice

Credit Card:

Please debit my ☐ Visa ☐ Mastercard ☐ Amex ☐ Diners

Card Holder's Name: ______________________

Card Number:

☐☐☐☐ ☐☐☐☐ ☐☐☐☐ ☐☐☐☐

Security Code:

☐☐☐☐

Signature: ______________________ Expiry Date: /
M Y

Confirmation Details: After receiving payment a receipt will be issued. If you do not receive a letter outlining joining details two weeks prior to the event, please contact the Conference Coordinator at **marcus evans** conferences.

Terms & Conditions:

1. Fees are inclusive of program materials and refreshments.
2. Payment Terms: Following completion and return of the registration form, full payment is required within 5 days from receipt of invoice. PLEASE NOTE: payment must be received prior to the conference date. A receipt will be issued on payment. Due to limited conference space, we advise early registration to avoid disappointment. A 50% cancellation fee will be charged under the terms outlined below. We reserve the right to refuse admission if payment is not received on time.
3. Cancellation/Substitution: Provided the total fee has been paid, substitutions at no extra charge up to 14 days before the event are allowed. Substitutions between 14 days and the date of the event will be allowed subject to an administration fee of equal to 10% of the total fee that is to be transferred. Otherwise all bookings carry a 50% cancellation liability immediately after a signed sales contract has been received by **marcus evans** (as defined above). Cancellations must be received in writing by mail or fax six (6) weeks before the conference is to be held in order to obtain a full credit for any future **marcus evans** conference. Thereafter, the full conference fee is payable and is nonrefundable. The service charge is completely non-refundable and non-creditable. Payment terms are five days and payment must be made prior to the start of the conference. Nonpayment or non-attendance does not constitute cancellation. By signing this contract, the client agrees that in case of dispute or cancellation of this contract that **marcus evans** will not be able to mitigate its losses for any less than 50% of the total contract value. If, for any reason, **marcus evans** decides to cancel or postpone this conference, **marcus evans** is not responsible for covering airfare, hotel, or other travel costs incurred by clients. The conference fee will not be refunded, but can be credited to a future conference. Event program content is subject to change without notice.
4. Copyright etc: All intellectual property rights in all materials produced or distributed by **marcus evans** in connection with this event is expressly reserved and any unauthorized duplication, publication or distribution is prohibited.
5. Data Protection: Client confirms that it has requested and consented to **marcus evans** retaining client information on **marcus evans** group companies database to be used by **marcus evans** groups companies and passed to selected third parties, to assist in communicating products and services which may be of interest to the client. If the client wishes to stop receiving such information please inform **marcus evans** local office or email gleavep@marcusevansuk.com. For training and security purposes telephone calls may be recorded.
6. Important note. While every reasonable effort will be made to adhere to the advertised package, **marcus evans** reserves the right to change event dates, sites or location or omit event features, or merge the event with another event, as it deems necessary without penalty and in such situations no refunds, part refunds or alternative offers shall be made. In the event that **marcus evans** permanently cancels the event for any reason whatsoever, (including, but not limited to any force majeure occurrence) and provided that the event is not postponed to a later date nor is merged with another event, the Client shall receive a credit note for the amount that the Client has paid to such permanently cancelled event, valid for up to six months to be used at another **marcus evans** event. No refunds, part refunds or alternative offers shall be made.
7. Governing law: This Agreement shall be governed and construed in accordance with the law of Malaysia and the parties submit to the exclusive jurisdiction of the courts in Kuala Lumpur. However, **marcus evans** only is entitled to waive this right and submit to the jurisdiction of the courts in which the Client's office is located.
8. Client hereby acknowledges that he/she specifically authorizes that **marcus evans** charge the credit card listed above for the amount provided herein; that this Contract is valid, binding and enforceable; and that he/she has no basis to claim that any payments required under this Contract at any time are improper, disputed or unauthorized in any way. Client acknowledges that they have read and understood all terms of this contract, including, without limitation, the provisions relating to cancellation.