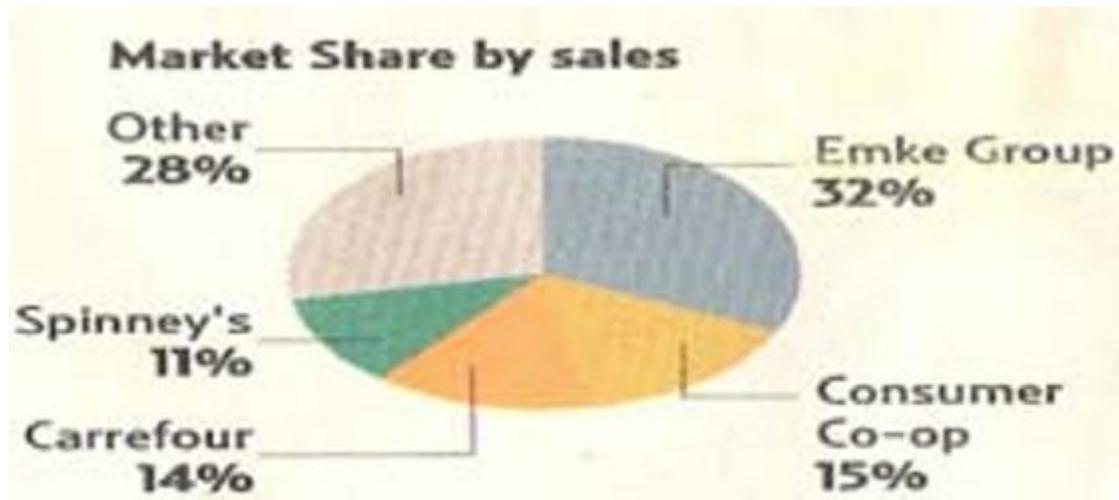


## Hypermarkets tighten grip in Gulf



A recent analysis released by Godo Research and Marketing Consultancy (GRMC) showed that French hypermarket chain Casino's (Geant) retail banner sales in 2002 stood at \$687 million in the Middle East and Africa which also includes food sales worth \$344 million.

This is followed by Carrefour which recorded \$637 million, including food sales of \$446 million. Among the top eight retailers in the Middle East, Abu Dhabi-based and Indian owned Emke Group, which owns Lulu and Al Falah Plaza brands, ranks among the top six.

Its total retail sales were \$310 million and that includes \$185 million in food. The GRMC analysis also shows that the organized retail sector controls about 50 per cent of food sales in the UAE. The rest is shared by convenience stores and groceries.

GRMC says, in the organized retail sector, Emke Group controls 32 per cent, co-operative societies have 15 per cent, Carrefour 14 per cent, Spinneys 11 per cent of annual sales, while others control the remaining 28 per cent.

The GCC's agricultural imports are estimated at \$9 billion to \$10 billion annually. Approximately 85 per cent of the food sold in retail outlets comprises imported consumer-ready products. A majority of the inputs for local processing is imported. About 50 per cent of the UAE's food imports are re-exported to neighboring African and Asian countries.

In Saudi Arabia, 30 per cent of the retail food business is concentrated in hypermarkets, superstores and supermarkets. The kingdom, however, is close to self-sufficiency in certain agricultural products. About 85 per cent of Saudi vegetable consumption is locally produced.

Consumer food imports in the GCC (excluding Saudi Arabia) in value terms are expected to grow by four to six per cent this year, it says. Adrian Jonklaas, GRMC's senior research analyst, at a recent conference on Middle East Retail, said: "The growth of supermarkets and hypermarkets is transforming the retail sector in the Middle East."

"The gradual ousting of small and some medium sized groceries is inevitable. "Giving a run-down of the hypermarket development in the region, he said, there are eight Carrefour hypermarkets in the UAE, one each in Oman and Qatar . "There are four new Carrefour's coming up in Saudi Arabia .

"Another French hypermarket chain Geant, which has one hypermarket in Bahrain, will open one in Dubai next year. It is planning between 12 to 16 hypermarkets in Saudi Arabia in the medium term,"Jonklaas said. The present size of the retail market is expected to record strong growth in the coming years as the region is waking up to its strong tourism potential.

With the opening up of the regional economies, massive growth is expected with tourism being the prime driver. The massive development of retail facilities and modern shopping malls is going to cater to this growth in the next few years, market analysts say. Organizers of the Retail Middle East conference, which is scheduled for next April, say: "Today no industry is experiencing such huge growth as the retail sector, with the regional industry forecast to reach \$500 billion by 2010.

"The construction boom that is being witnessed across the Middle East , particularly in the UAE, offers mega opportunities. The number of shopping complexes and malls that is being/planned in the coming, two to five years is mind boggling."

#### Organized retailing

- 1.Casino's (Geant) retail sales in 2002 stood at \$687 million in the Middle East and Africa including food retail worth \$344 million.
- 2.Carrefour recorded \$637 million retail sales in 2002, including food retail of \$446 million.
- 3.EMKE Group's retail sales clocked \$310 million in 2002, including \$185 million food sales.
- 4.Organised retail sector controls 50 per cent of food retail in the UAE .
- 5.Convenience stores/groceries control 50 per cent of UAE's retail sector.
- 6.About 50 per cent of UAE's food imports are re-exported to neighboring African and Asian countries.
- 7.Food import in the GCC (excluding Saudi Arabia ) to grow by 4-6 per cent this year.
- 8.Retail sector is forecast to reach \$500 billion by 2010.