



News release

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Pages 3

Asia's retail and consumer industry charts strong and steady growth

Growth in Asia Pacific to average 6% from 2010-2014

HONG KONG, 13 December 2010 – Asia Pacific's retail and consumer market is expected to grow an average of 6% from 2010 through 2014. That is 2 – 3% higher than the growth projected globally. In value terms, retail sales in Asia are expected to reach US\$5.4 trillion this year, and US\$8.5 trillion in 2014. The findings are revealed in PwC's "Strong and Steady: 2011 Outlook for the Retail and Consumer Products Sector in Asia" report. The report was produced in cooperation with the Economist Intelligence Unit.

"For many multinational retail and consumer companies, entering the Asian market is more than a matter of expanding market reach. It has become fundamental to their strategic growth. In some ways, the "emerging markets" moniker obscures the fact that many Asian economies - China in particular - are already among the world's most important markets, and they promise some of the few global opportunities for long-term growth," says Carrie Yu, PwC's Retail and Consumer Leader for China and Asia Pacific.

China and India are expected to drive overall growth in the region over the next five years.

China is expected to realise year-on-year retail sales growth of over 14%, or US\$2.2 trillion, in 2010. That figure is expected to grow to US\$4.6 trillion by 2014.

In India, high inflation in 2010 is expected to keep growth under 2%, but annual growth will increase at an average rate of over 4% in 2010-2014 as incomes increase and a variety of new stores, including international brands, open their doors.

Japan, on the other hand, is not expected to do so well. Retail sales is forecast to expand around 1% this year, while annual growth will decline progressively to less than half a percent by 2014. Concerns about a weak economy, unemployment and deflation are likely to keep consumer confidence and retail sales low.



Retail sales in Hong Kong will also rebound in 2010 with 5.6% growth over 2009, and an annual average of 2% thereafter, as unemployment – which is expected to remain above 2008 levels through the forecast period – and a slowdown in the number of tourist arrivals from China dampen demand.

Vietnam will be a rising star, with growth averaging over 10% annually to 2014. Growth in Indonesia, Malaysia, the Philippines, Singapore and Thailand is expected average 3% - 5% over the projected period.

“No doubt the challenges of operating in Asia are great. But the opportunities far outweigh the challenges. Demand is growing across the board, from inexpensive fast-moving consumer goods to exclusive luxury items. The clothing market demand in Asia and Australasia is also expected to overtake demand in Western Europe in 2010. In general, this demand will be encouraged not just by rising incomes, but also by increasing access to technology, as consumers log on to online shopping sites in increasing numbers, or turn to shopping apps on their mobile phones,” says Ross O’Brien, Director of the Economist Intelligence Unit.

As the Asian market becomes truly global, so will the Asian consumer, and one can be sure that her preferences will shape the consumer goods and retailing sectors for many years to come.

You can download the full report on www.pwchk.com.

Asia: Retail sales growth by volume (% pa)

Territory	2007	2008	2009	2010	2011	2012	2013	2014
Australia	5.5	0.7	1.4	-0.8	0.2	2.0	2.0	2.0
China	11.4	14.7	16.8	14.8	14.6	12.4	11.6	11.7
Hong Kong	9.0	-0.4	-2.2	5.6	1.3	1.5	2.6	2.4
India	4.6	1.7	3.4	1.5	3.9	5.6	5.6	5.8
Indonesia	11.3	7.8	2.7	4.4	4.2	4.6	4.8	4.8
Japan	-0.2	-0.5	-0.9	1.3	0.8	0.5	0.4	0.4
Malaysia	10.1	7.0	-1.5	2.3	3.3	5.0	3.7	3.8
New Zealand	2.1	-1.7	-1.3	1.3	2.3	2.4	2.5	2.4
Philippines	5.3	3.0	0.9	7.0	3.2	4.3	4.5	4.7
Singapore	7.8	1.2	-2.0	1.6	3.2	2.9	4.4	5.1
South Korea	4.8	0.5	-0.2	0.8	2.0	2.4	2.7	2.2
Taiwan	4.6	0.3	-1.4	9.4	2.3	1.5	0.6	0.6
Thailand	7.5	-2.5	-2.7	3.3	4.8	5.2	5.5	6.1
Vietnam	9.9	3.6	3.9	13.1	10.6	9.2	8.6	9.8

Source: Economist Intelligence Unit

Actual

Estimates

Forecasts

ENDS



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