

E-commerce in the top 10

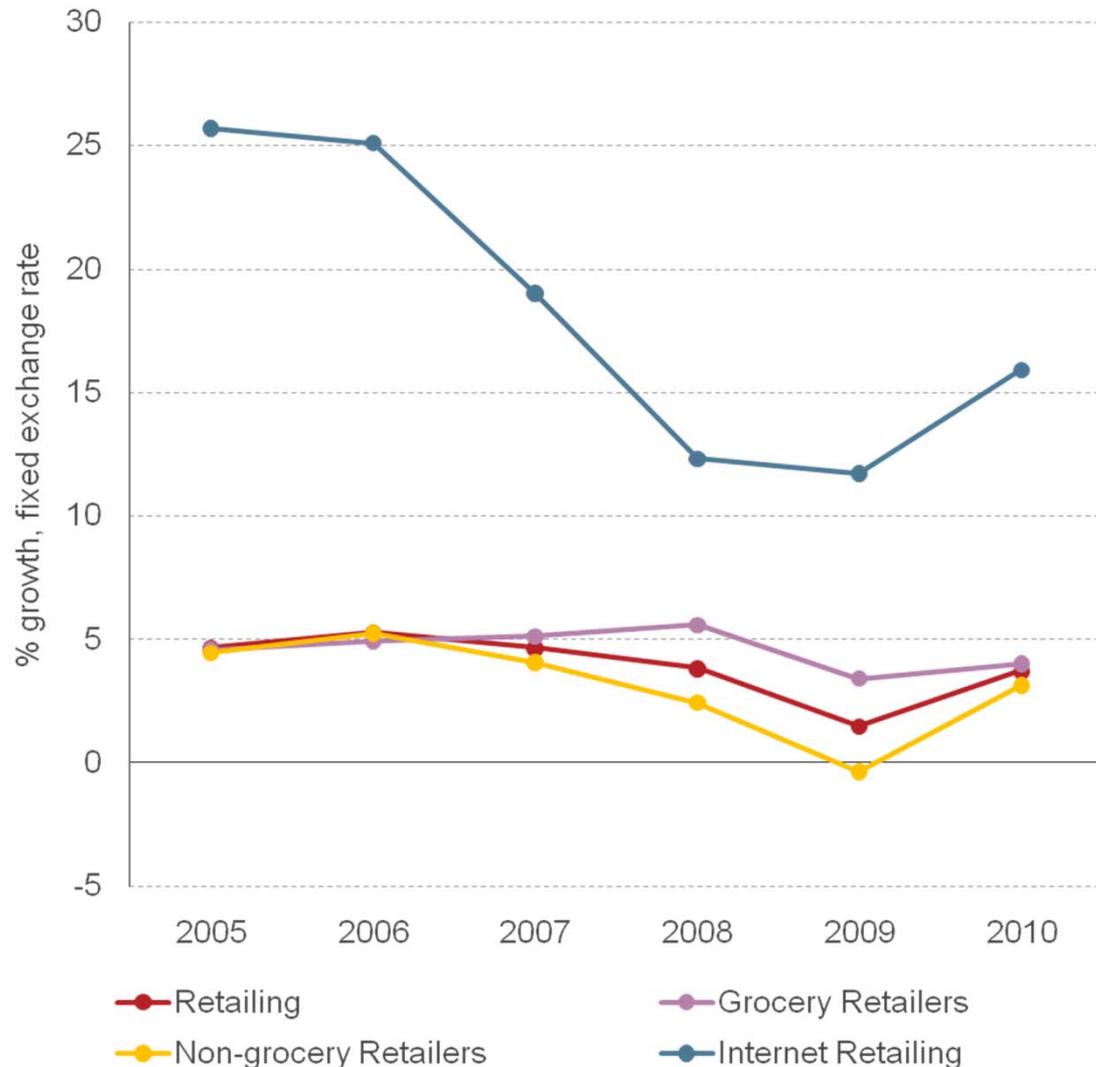
- In 2010 overall internet retailing generated US\$317 billion in sales. Compared to individual countries' retail sales, the global internet market would rank in the top 10 and be similar in size to the total Canadian or Russian retailing market, for example.
- In turn the US and EU internet retailing sizes fall within the top 20 retail markets and are comparable to the retailing markets of the Netherlands, Indonesia and Poland, individually. The overall scale of internet retailing is making it a very attractive market for both pure players, traditional retailers and manufacturers alike who are all trying to tap into the potential it offers in order to find new areas for growth.



Note: US sales fall outside of scale

Internet retailing in context

Retail Sales Growth by Channel 2005-2010

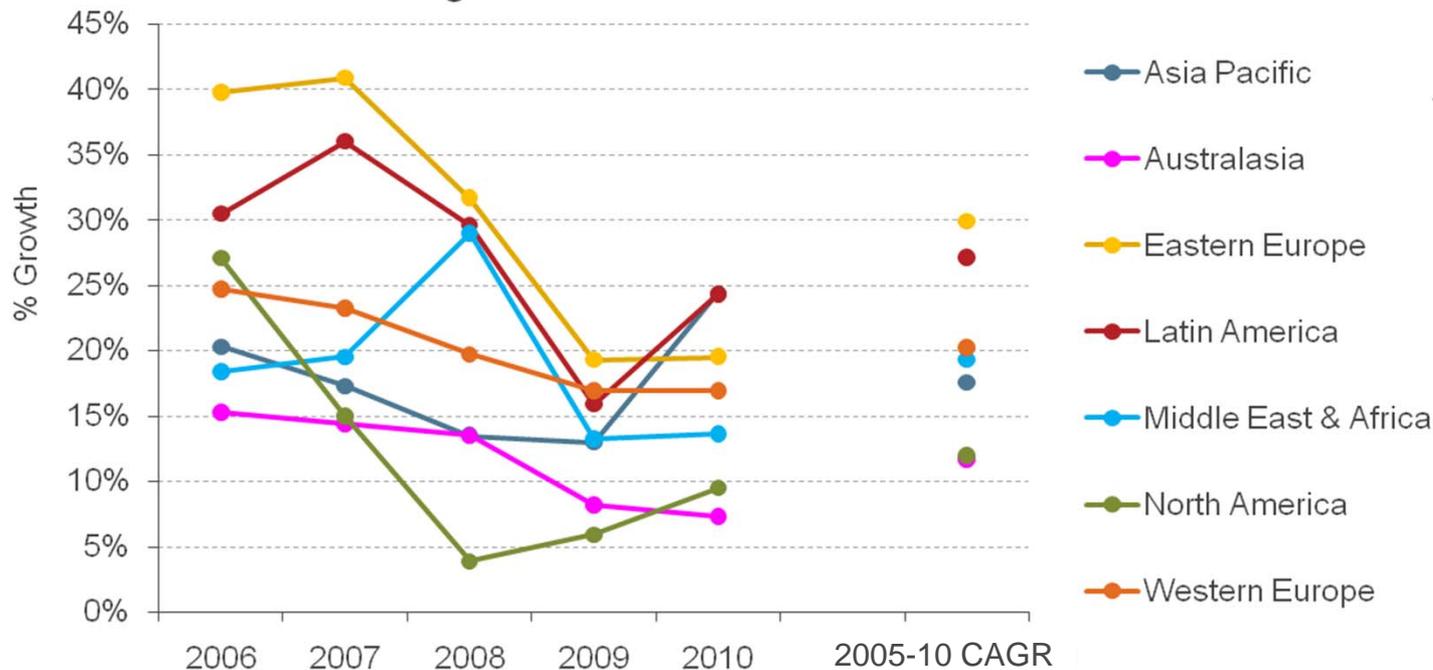


- Within overall retail, internet retailing grew in double-digit terms, much more strongly than the other retail channels and consistently throughout the review period.
- While store-based channels continued to slide in both 2008 and 2009, internet retailing growth was more uniform, as higher numbers of consumers moved online to search for better prices which compensated for any price reductions which might have eroded average value sales.
- Within store-based retailing, non-grocery in particular suffered the most in the downturn, as consumers focused on limiting their non-discretionary spending, postponing some purchases and cutting back on others, while grocery retailers such as supermarkets/hypermarkets, and particularly discounters, remained more resilient or grew again benefiting from consumers' search for value.
- Although internet retailing showed strong growth, different geographic regions performed differently; however in all cases internet retailing maintained stronger growth than store-based channels.

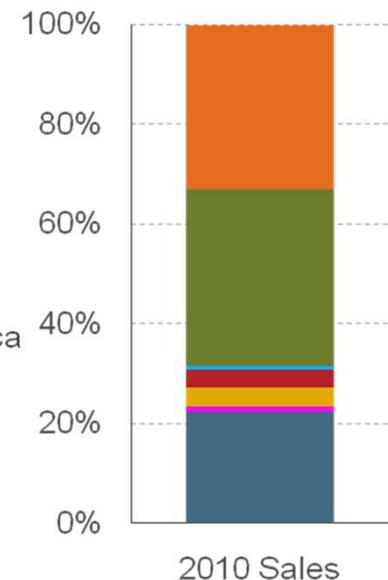
Asia Pacific and Latin America lead the growth

- Developing markets have been driving growth in 2010. Latin America and Asia Pacific achieved the highest growth rates in 2010, almost 25% in fixed currency year-on-year terms, while North America and Australasia the lowest. In historic terms over the review period Eastern Europe and Latin America performed the best, with Eastern Europe lagging behind in 2009 and 2010 due to strong overall contraction observed in these markets. At the same time, Asia Pacific benefited from the explosive growth of almost 90% observed within the Chinese internet retailing in 2010.
- Despite the rapid growth Latin America and Eastern Europe still represent a fairly small share of global internet sales with a combined share of less than 10%, while the bulk of sales is still concentrated and generated within the developed markets of Western Europe, North America, and Asia Pacific. These also accounted for the biggest dollar increase and had a combined 89% share of all new sales in 2010. Within Asia Pacific the bulk of internet sales are generated within Japan and South Korea, however China is rapidly catching up, having moved to third place in 2010.

Regional Growth 2005-2010

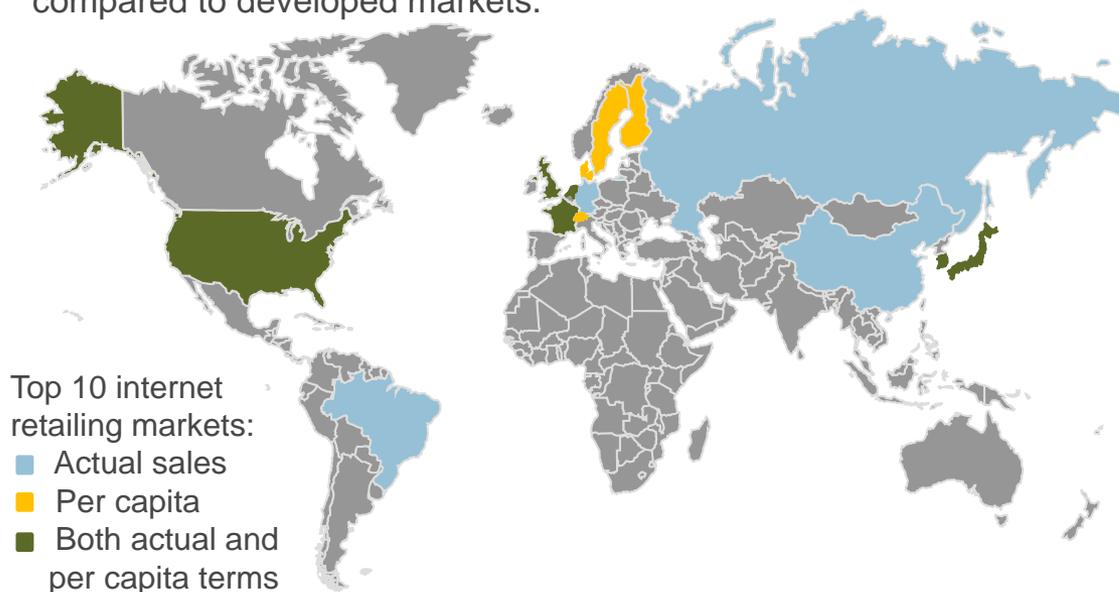


Actual Internet Retailing Sales by Region 2010



Top 10 internet markets

- Internet retailing sales are concentrated within only a handful of countries. In 2010, the top 10 biggest online markets together accounted for 85% of global internet sales and within those the difference between developed and developing could not be more pronounced. Within the top 10 markets by sales only the three largest BRIC markets, China, Brazil and Russia, are present.
- In per capita terms, only the developed markets within Asia, Europe and the US rank at the top, with Canada missing from both rankings highlighting its lower penetration of internet retail. Within the European markets there is also a shift between the biggest and the most developed. Germany is being replaced by some of the smaller but more developed Northern European markets and Switzerland which boast a more developed internet retail.
- The top five markets which lead in both actual and per capita sales account for 70% of global internet sales. These markets also offer the best opportunity for immediate expansion due to the established consumer base and sales growth. All the top five markets were impacted by the economic downturn, suffering a slight contraction in 2009, yet in actual terms these markets generated the biggest increase in overall internet sales for 2009-2010. And while developing markets offer rapid growth and promising future potential, actual sales are still limited and relatively small compared to developed markets.



Top 10, US\$ billion		US\$ per capita	
US	110	UK	580
EU	105	Denmark	470
Japan	37	USA	360
UK	36	South Korea	350
Germany	20	Finland	330
France	20	France	320
South Korea	17	Sweden	310
China	12	Japan	290
Brazil	8	Switzerland	280
Russia	7	Netherlands	260
Netherlands	4	EU	209