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Tuesday 2nd March 2021, 14:52 GMT

Global grocery retail set for growth

Sector is forecast to generate an additional US\$440bn in sales by 2022, according to IGD



The global grocery retail market is on track to generate an additional US\$440bn in sales between 2020 and 2022.

That is according to a forecast from global insight provider IGD, which has predicted the sector will yield a 3.1 per cent compound annual growth rate (CAGR) over the period.

This follows "exceptional growth" for grocery in 2020, which saw the top 20 markets increase by US\$280bn, an 8.8 per cent year-on-year rise.

Accelerated growth in most of the global retail market in 2020 was driven by a shift in consumer spend from out-of-home to at-home as a result of pandemic lockdown restrictions.

India leads the way

Key findings from the periodical global forecasts, which have been recalibrated to account for the onset of Covid-19, included the prediction that India would be the

period 2020-22 with a CAGR of 7.2 per cent.

IGD noted that the US would remain the leading market until 2022. It also forecast that in the medium-term, Central and Eastern Europe were expected to grow faster than Western Europe.

Growth in China would remain "robust" while the accelerated shift towards online is set to continue. The UK's changed retail landscape, meanwhile, would retain some of its new features such as online shopping and big weekly shops.

North America

"There's a high degree of uncertainty relating to the economic outlook in the US, which is dependent on the level of financial support from the new administration and the vaccine roll-out," explained Stewart Samuel, programme director at IGD Canada. "We expect relatively flat growth over the next two years but any growth we do see is likely

to be driven by ecommerce and discount and value formats.

"The pandemic has slowed the gradual loss of share by supermarkets and hypermarkets as shoppers have consolidated their trips in larger stores and we expect this trend to continue," Samuel outlined. "Suppliers have had an unprecedented opportunity to capture new households during the pandemic. Focusing on retention and repeat purchase will help to consolidate the share gains from 2020."

China

Nick Miles, IGD's head of APAC, said that the data suggested most of China had been virus-free since April 2020. This meant growth for the grocery retail market would remain robust.

"The ongoing trend of consumers shifting towards online channels has accelerated and social platforms will continue to drive online traffic and sales," Miles explained. "Consumers are increasingly demanding

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ultra-convenience experience and omnichannel services such as speedy home delivery, QR code scanning and self-checkout will be widely adopted.

"The rise in popularity of community stores and omnichannel retailing is changing the dynamic of the grocery market," he said. "Suppliers will need to broaden their customer base and reach potential shoppers in lower tier cities and appeal to them with relevant products, because that is where the retailers are heading."

Western Europe.

"Economic challenges are expected across most of Western Europe in 2021, so retailers will need to focus on price to remain competitive," said head of EMEA Jon Wright. "Pre-Covid trends have been accelerated by the pandemic, which has hastened the switch to online across most markets, resulting in further investment in this channel.

"In the UK, following a dramatic shift of consumer spend from foodservice into grocery retail in 2020, sales growth will moderate as the national vaccination programme allows the hospitality sector to reopen," Wright continued. "Online is set to retain its elevated market share and big weekly shops will remain popular.

Winding down of financial support and rising unemployment will result in some households economising on grocery shopping while others may spend less as eating out begins to recover," he added.

Global market sizes - top 20 in 2022

1. **US** – US\$1.65tn; +0.2% CAGR (for period 2020-2022)
2. **China** – US\$1.63tn; +5.8%
3. **India** – US\$656bn; +7.2%
4. **Japan** – US\$408bn; +0.3%
5. **Germany** – US\$301bn; +0.4%
6. **Brazil** – US\$297bn; +3%
7. **France** – US\$287bn; +0.4%

8. **Russia** – US\$280bn; +4.3%
9. **UK** – US\$277bn; +2.3%
10. **Mexico** – US\$214bn; +2.8%
11. **Italy** – US\$208bn; -0.3%
12. **Nigeria** – US\$170bn; +12.3%
13. **Indonesia** – US\$169bn; +5.2%
14. **Spain** – US\$133bn; -0.3%
15. **Pakistan** – US\$125bn; +12%
16. **Turkey** – US\$109bn; +12%
17. **Canada** – US\$109bn; +0.4%
18. **South Korea** – US\$102bn; +1.7%
19. **Australia** – US\$100bn; +2.7%
20. **Egypt** – US\$98bn; +9.4%

Source: IGD

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