CONTENTS

FIGURE 7: FOOTPRINT OF SELECTED FASHION RETAILERS

RANK	CITY	TOTAL NUMBER OF FASHION RETAILER STORES
1	BEIJING	376
2	SHANGHAI	339
3	TOKYO	205
4	MOSCOW	169
5	LONDON	166
6	ISTANBUL	161
7	NEW DELHI	144
8	MUMBAI	137
9	ATHENS	136
10	CHENGDU	132
11	SEOUL	123
12	PARIS	118
13	BERLIN	115
14	MADRID	112
15	OSAKA	109
16	SHENYANG	107
17	HONG KONG	100
18=	TAIPEI	99
18=	DUBAI	99
20	MEXICO CITY	97
21	BANGALORE	95
22	ST PETERSBURG	90
23=	GUANGZHOU	88
23=	YOKOHAMA	88
25	CHONGQING	87

Beijing and Shanghai top the ranking of retailer penetration at city level. Both of these mega cities offer huge scope for retailers to establish substantial store portfolios with early entrants Vera Moda, Jack & Jones and Levi's all achieving good market coverage. Tokyo is ranked third, although this is due in part to the high number of Uniqlo branches in the city. London, in fifth place, is one of only two cities in which all 20 retailers are present. Given that London also tops CBRE's City Retailer Representation Ranking (See Appendix 2), its position as the pre-eminent global retailing city is assured.

Perhaps surprisingly, New York is in 26th place whilst Los Angeles is much lower still, in 55th place. Although a large number of international retailers have representation in the U.S. two major cities, in general, few have built a commanding presence there. New York and Los Angeles are of course mature and highly competitive markets and have been for some time. Whilst many international retailers have a presence in these cities, the majority have entered quite recently and have a limited opportunity to develop extensive store portfolios. Equally, since the recession, international retailers have tended to focus on opening flagship stores in the core submarkets of New York and L.A., with few seeking to expand into secondary submarkets.

Hong Kong (17th) and Dubai (18th) are also further down the fashion ranking than might be expected, given they rank 6th and 2nd respectively in the Retailer Representation Ranking (see Appendix 2). However, in the Luxury & Business Fashion sector they are placed much higher, Hong Kong 4th and Dubai 8th. Heading the ranking for Luxury & Business Fashion is Shanghai and Beijing, with London in 3rd place.

The highest depth of coverage among fashion retailers tends to be in markets that are emerging. Seven of the top 10 fall into this category, including Beijing, Shanghai, Moscow and Istanbul. The global retailers in our survey have been quick to take advantage of these growth markets – not just by entering new cities but also by developing their store networks within these cities. Nevertheless, further down the ranking penetration levels fall quite quickly and suggest that significant opportunities remain for retailers to develop their store coverage. In locations such as Casablanca and Karachi (where our sample retailers have fewer than 10 outlets) this might take some time, but in the fast growing Chinese markets the opportunities are more obvious.

All the retailers in this analysis have a presence in Shanghai, and 18 out of 20 are represented in Beijing, indicating the huge appeal of these cities to cross-border retailers. Perhaps more surprising is the fact that over two thirds of these retailers are also present in all the Tier 1 and Tier 2 cities (see Figure 8), with the exception of Xi'an and Ningbo – where over half the retailers are present. But the number of outlets that retailers have in each city varies significantly. Beijing (376 stores) has the largest number of outlets with Shanghai (339) not far behind. Penetration levels are lower elsewhere – Chengdu has only 132 stores and Shenyang has 107 stores. In other words, Chengdu has just 35% of fashion outlets that are present in Beijing.

Penetration levels are much less in cities such as Dalian (14%), Suzhou (13%) and Qingdao, Xi'an and Ningbo (all 10%). These markets are smaller and have less consumer spending potential than Tier 1 cities, but lower penetration rates in these Tier 2 cities can also be attributed to: the relatively low availability of quality space in core locations; strong competition from local brands; consumer loyalty to local brands (more notable in some of the North Chinese cities); and less important geographical status of some Tier 2 cities (so they are not priority targets for some international retailers).

In spite of these factors, the high level of retailer penetration achieved by fashion retailers in Beijing and Shanghai, the large size of most Tier 2 cities and the fact that many of these retailers already have a presence there, suggests that the potential for retailers to increase their market penetration is substantial.

FIGURE 8: MARKET PENETRATION OF FASHION RETAILERS IN CHINA

CITY	PROPERTION OF 20 RETAILERS PRESENT IN THE CITY	NUMBER OF RETAILER STORES	RETAILER STORES AS A % OF BEIJING
SHANGHAI	100%	339	90%
BEIJING	90%	376	100%
CHONGQING	80%	87	23%
HANGZHOU	80%	57	15%
SHENYANG	80%	107	28%
NANJING	75%	50	13%
SHENZHEN	75%	69	18%
SUZHOU	75%	50	13%
CHENGDU	70%	132	35%
DALIAN	70%	53	14%
TIANJIN	70%	78	21%
WUHAN	70%	83	22%
GUANGZHOU	65%	88	23%
NINGBO	65%	37	10%
QINGDAO	60%	37	10%
XI'AN	55%	37	10%