2013 Retail Industry Outlook Survey

Tech innovation leads to brighter future

kpmg.com/us/retailindustry

KPMG
cutting through complexity

Table of Contents

Tech innovation leads to brighter future

Know thy customer. Know thyself. Surely seems simple enough. Yet, as our 2013 Retail Industry Outlook survey confirms, in today's ever-evolving and dynamically changing retail industry, traditional business models and customer segments can no longer be taken for granted. Technology has blurred the lines and created a retail industry open for business anytime, anywhere and in any way the customer prefers to shop. The possibilities for effectively engaging consumers are limited only by imagination, and each advance in new technology brings excitement and anticipation of a brighter future for the retail industry.

As evidenced by our survey results, most executives realize that technology is paramount to driving growth and enhancing customer engagement. With consumer behavior, spending, and demographic profiles changing so rapidly, it is absolutely critical for companies to adopt an "omnichannel" approach, utilizing all the touch points at their disposal, including brick and mortar stores, online, and mobile to engage consumers. Executive responses indicate that social media and mobile technologies are certainly accelerating the rate of change, and they acknowledge a significant increase in their use to explore new ways of doing business and reaching more customers. Smart retailers are wasting little time in seizing strategic opportunities to seamlessly integrate their physical and virtual channels in an effort to personalize customer experiences.

Retailers are also rapidly embracing the value of data and analytics as key facilitators of success. Data and analytics enable retailers to better understand customer profiles and preferences, and potentially predict future customer purchases. By examining and analyzing traffic patterns in stores, mining loyalty data, and monitoring consumers' online and social media behaviors, retailers can dramatically enhance their connection to consumers. Survey respondents also report that they are increasingly relying on data and analytics to identify new markets, new strategies, and new operating models to generate growth and profitability. Investing in technology to harness the vast amounts of structured data that reside in a company, as well as the unstructured data online and in social media, is proving to be integral to achieving success in the new retail environment. As it evolves in both sophistication and application, data and analytics will be leveraged by all departments of the retail organization.

Overall, this year's survey confirms that the retail industry continues to make slow and positive improvement. Challenging economic conditions and increasing concern over the burden of regulation and legislation are significant obstacles standing in the way of more robust industry growth. While most executives believe there will be progress in the coming year, their expectations are modest.

On behalf of KPMG, I would like to thank those who participated in this survey. I hope the findings are useful to you in addressing market challenges and opportunities. Please do not hesitate to contact me if you would like to discuss this study and its implications for your business in the year ahead.

Mark Larson
Partner
US and Global Sector Leader, Retail
KPMG LLP

Survey highlights

Technology trending up

Social media and mobile technology are having a significant impact on retail businesses as consumers increasingly utilize these channels for shopping, coupons, online promotions, price checks, product comparisons, and information. Meanwhile, retail executives are also increasing their usage of these channels to reach more customers, enhance the customer experience, and explore new ways of doing business.

Data and analytics continue to add value

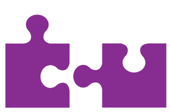
Structured and unstructured data and analytics continue to play an integral role. A majority of the executives in this year's survey use data and analytics to better understand consumers, as well as for branding, product management, and making better pricing decisions. Executives also say they continue to rely on data to drive operational excellence, gain actionable insights, and acquire customers.

However, opportunities for improvement exist as more than half of survey participants believed that their company's management team and workforce have an average or average-to-low analytical literacy, some indicating that they are lagging behind their competitors when it comes to utilizing analytics.

Spending to spur growth

Challenged by uncertainty in the marketplace and improving but still relatively high national unemployment rates, retailers plan on investing capital to spur growth. According to survey respondents, more investment dollars will be spent on geographic expansion, information technology, and advertising and marketing initiatives.

Regulatory pressures mount



Retail executives exhibit a growing concern over the potential governmental impact on their businesses, including believing that regulation will hamper growth and citing that political/regulatory uncertainty is a significant threat to their business models. Executives indicated that the regulatory issues requiring most of their focus include healthcare reform and labor and immigration laws.

Detailed findings

Disrupting and transforming technologies

Empowering consumers, changing behavior

Technology is rapidly driving transformation throughout the retail industry. Survey respondents report that social media such as Facebook and Twitter, mobile and online shopping, and promotions and coupons through mobile and online channels are having the most significant impact on their businesses.

Q: Which of the following technology-related trends is having a significant impact on your business?

Social media (Facebook, Twitter, Pinterest, etc.)	71%
Mobile/online shopping	52%
Mobile/online promotions and coupons	51%
Use of in-store mobile technology by store associates	32%
Waning store/brand loyalty as consumers become more empowered	29%
Ability to scan QR codes, compare products and pricing	18%
Influence of peer rankings and reviews on consumers purchase decisions	17%
Mobile payments	16%
Showrooming	12%

Multiple responses allowed.

Technology helps to keep brick and mortar in style

As they say in fashion, what's old is new again. And this certainly seems to be the case for brick and mortar retail stores. Once thought to be in danger of becoming obsolete, brick and mortar stores are now viewed with newfound potential, and somewhat ironically, this is largely being driven by what was once perceived as a threat to its traditional business model: new technology. In fact, technology is providing brick and mortar retailers with innovative ways to seize strategic opportunities.

While online and mobile technologies offer consumers convenience, speed, and ease of use, brick and mortar stores have a distinct advantage – face-to-face personal interaction between the consumer and the associate in the store. Leading companies are shrinking square footage and instead allocating investment and innovation dollars toward brick and mortar business models that create a superior shopping "experience" for the consumer. Many are leveraging technology to provide outstanding customer service and increased personalization, all in an effort to make their stores more exciting, entertaining, and emotionally engaging. It is, therefore, important not to overlook that the ongoing evolution within the retail industry contains a brick and mortar component, not just a virtual one. And while leading-edge technology may drive both, a winning brick and mortar strategy must also be underpinned by well-trained, friendly, and knowledgeable associates who can deliver value to the consumer through unique, memorable, in-store experiences.

With technology continuing to advance at warp speed, novel approaches seem limited only by the imagination. And many brick and mortar stores have already let their creativity take hold.

Actionable insights

In the current customer-driven retail environment, data and analytics are proving to be increasingly valuable in getting to know customers better. Retailers are also leveraging data and analytics in brand and product management, and when making pricing decisions.

Q: In what areas does your organization use data and analytics to help support strategic decision making?

	% in 2013	% in 2012
Customer insight	72	68
Brand and product management	67	64
Pricing decisions	56	50
Market expansion	40	45
Operating model optimization	42	37
Portfolio rationalization	14	23

Multiple responses allowed.

Half of the executives surveyed report using data and analytics to drive operational excellence and acquire customers.

Q: Considering the relevance of data and analytics at your company, which of the following items represent the best use of data and analytics in driving actionable insights?

	% in 2013
Operational excellence (operations, supply chain)	50
Acquiring customers	36
IT infrastructure	31
Competitive intelligence	26
Product positioning	21
Finance	20
Human capital	17
Risk management	9
Government regulation	6

Multiple responses allowed.

Despite acknowledging tremendous opportunities created by leveraging data and analytics, there is still progress to be made. Only 12 percent of survey respondents report that there is high analytics literacy within their organization.

Q: Which of the following best characterizes the data and analytics maturity of your company?

High data analytics literacy	12%
Rapidly moving toward high analytical literacy	33%
Average when it comes to utilizing analytics[1]	43%
Average to low analytical literacy[2]	11%
No formal data analytics capabilities[3]	0%

Multiple responses allowed.

[1] Our management team and workforce have an average analytical literacy

[2] At the moment we are behind our competitors when it comes to utilizing analytics, and our management team and workforce have average to low analytical literacy

[3] Our management team and workforce have low analytical literacy

Growing bigger with Big Data

From leveraging loyalty card information to tracking customer buying behavior, retailers today have an often overwhelming amount of data available to them. Successful retailers have the ability to manage, interpret, and take action based on their data, and can report on critical KPIs and metrics. Collecting and leveraging customer information to provide personalized recommendations is an integral component of future success. Data gathering and analytics play a key role in evolving business models, but progress in this area varies greatly: some retailers already have sophisticated processes in place, while others need to replace or rebuild their infrastructure to adapt to new customer-centric technology.

Realizing the benefits of cloud

Many retailers understand the potential benefits of cloud computing. More than one-third of survey respondents believe that cloud would most impact their operational model through greater transparency on transactions and by helping to achieve lower costs.

Q: Which of the following best describes the potential impact of cloud computing on your business model/operations?

It will provide management with greater transparency on transactions	37%
It will reduce costs	31%
No significant impact	27%
It will change our interaction with customers and suppliers	26%
It will accelerate time to market	16%
It will fundamentally change our business model	9%

The silver lining

No trend has had as much impact on the world of information technology over the past decade as Cloud computing. Looking past the current industry hype surrounding it, cloud computing is a sustainable, long-term paradigm and the successor to previous mainframe, client/server, and network computing eras.

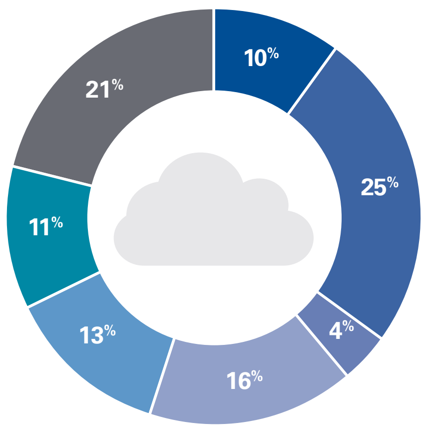
Retailers progressively need to process large amounts of data pertaining to customers and products in real time to provide personalized solutions. The spread of cloud computing has helped retailers to not only have large computing resources at their disposal; it has also allowed them to match their demand with their sales season. Moreover, retailers are looking to move all their platform-based solutions to the cloud.

Cloud computing also facilitates the implementation of an omnichannel strategy. It allows for the low-cost and significantly low-risk rollout of software that is needed to support multichannel retailing. This is particularly attractive for small businesses that lack requisite resources. Retailers can gain real-time visibility into their retail operations from anywhere at any time, as well as provide a single view of a customer across channels.

Further, cloud computing helps retailers manage multiple channels and locations, integrate their websites with business, support their Point-of-Sale (PoS) systems, provide a unified real-time view of business, perform automated merchandising and marketing, and gain a 360-degree view of each customer.

Over two-thirds (68 percent) of the retail executives surveyed indicate they have adopted, or plan to adopt, cloud technologies into their business strategies and operations.

Q: When it comes to cloud adoption, which of these statements is most true for your organization?



- We have adopted cloud, and found it an easy integration into our business strategy and operations.
- We have adopted cloud, and found minor challenges integrating it into our business strategy and operations.
- We have adopted cloud, and found major challenges integrating it into our business strategy and operations.
- We plan to adopt cloud, and believe we will easily integrate it into our business strategy and operations.
- We plan to adopt cloud, and believe we will face formidable challenges integrating it into business strategy and operations.
- We have no plans to adopt cloud
- Don't know/Not applicable

Running the company

Key management initiatives

Over one-fourth of the executives surveyed will be focusing on significantly improving operational processes and related technology. Other top initiatives on the minds of management include reducing costs and investing in organic growth. These responses closely mirror the results of last year's survey.

Q: What initiative do you expect to undertake over the next year that will consume the most time, energy and resources, from a management perspective?

	% in 2013	% in 2012
Significant improvement of operation processes and related technology	28	28
Significant cost reduction initiatives	18	14
Significant investment in organic growth[4]	14	19
Entering into new markets	10	N/A
Significant changes in business model	9	12
Navigating significant changes in the regulatory environment	7	5
Merger/acquisition	6	11
Significant changes to financial processes and related technology	3	3
Improve enterprise risk management programs/processes	3	3
Strategic divestiture of current assets	1	6

[4] i.e., new product development, pricing strategies, geographic expansion

Demand more from demand forecasting

The fundamental challenge of building a multichannel retail operation is knowing where your products will end up. Demand forecasting in retail is often viewed more as an art than a science. Trying to work out whether a customer will order an item online, by phone, from a mobile device, in a store or a catalog, and whether they will want it delivered at home, to a physical store, or even a third-party collection point, might be closer to astrology.

When companies first started to move towards multichannel, there was little consistency in the different ways of interacting with the customer. Now we have an omnichannel concept, and retailers are also looking to interact with customers before a sale happens by building a community and establishing a relationship. It is more experiential. And they want the store and the website experience to be integrated. A lack of consistency will affect the back office and distribution center.

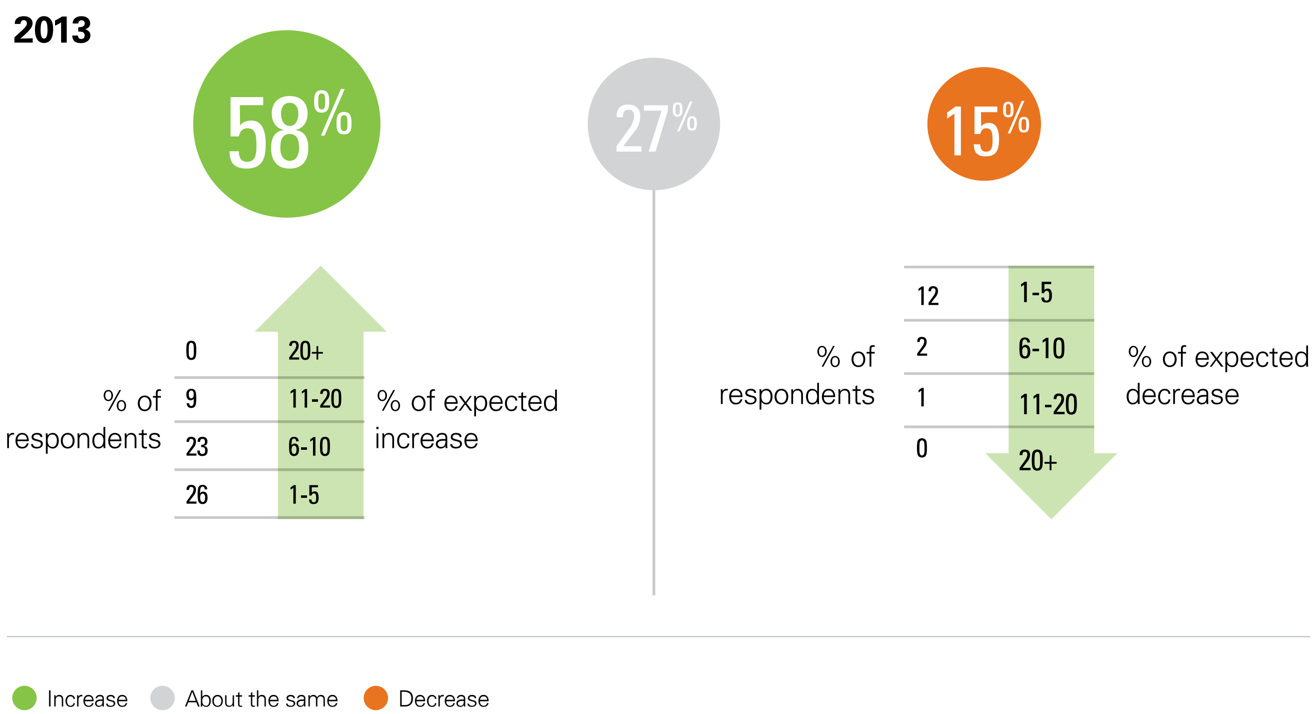
Anticipating the needs of customers, and ensuring they are provided with strong presales information and advice, as well as timely and efficient fulfillment, is what makes for a strong retail performer. The ability to offer more in-depth advice – and even to "sell" a product more effectively – is what sets the multichannel player apart from the online-only operation.

Some of the answers lie in the creative use of technology, ranging from QR codes to in-store catalogs or kiosks based on iPads. Others include increasing the skills, and quite possibly incentives, of store staff, even if some technical innovations make it possible to reduce their number.

Investing in the future

More than half of the retail executives surveyed plan on investing capital to drive growth, while only 15 percent expect to invest less than the previous year.

Q: What is the outlook for capital spending by your company over the next year?



Spending increases

Most retailers expect to increase spending in key areas such as geographic expansion and information technology.

Q: In which areas do you expect your company to increase spending the most over the next year?

	% in 2013
Geographic expansion	61
Information technology	40
Advertising and marketing	24
Expanding facilities	23
New products or services	21
Acquisition of a business	17
Business model transformation	14
Employee compensation and training	11
Regulation/control environment	4
Research and development	6
Green/sustainability initiatives	3
Other	2

Multiple responses allowed.

Right-sizing the workforce

Retail executives added fewer U.S. employees over the last year, with 40 percent of respondents reporting an increase in headcount, down 19 percent from the previous year.

Q: Compared with this time last year, how would you describe your company's current U.S. headcount?

	2013	2012
Increase	40%	52%
About the same	36%	22%
Decrease	24%	24%

	% in 2013
Increased by more than 10%	4
Increased by 7% to 10%	2
Increased by 4% to 6%	13
Increased by 1% to 3%	21
About the same	36
Decreased by 1% to 3%	17
Decreased by 4% to 6%	4
Decreased by 7% to 10%	3
Decreased by more than 10%	0
Not sure/don't know	0

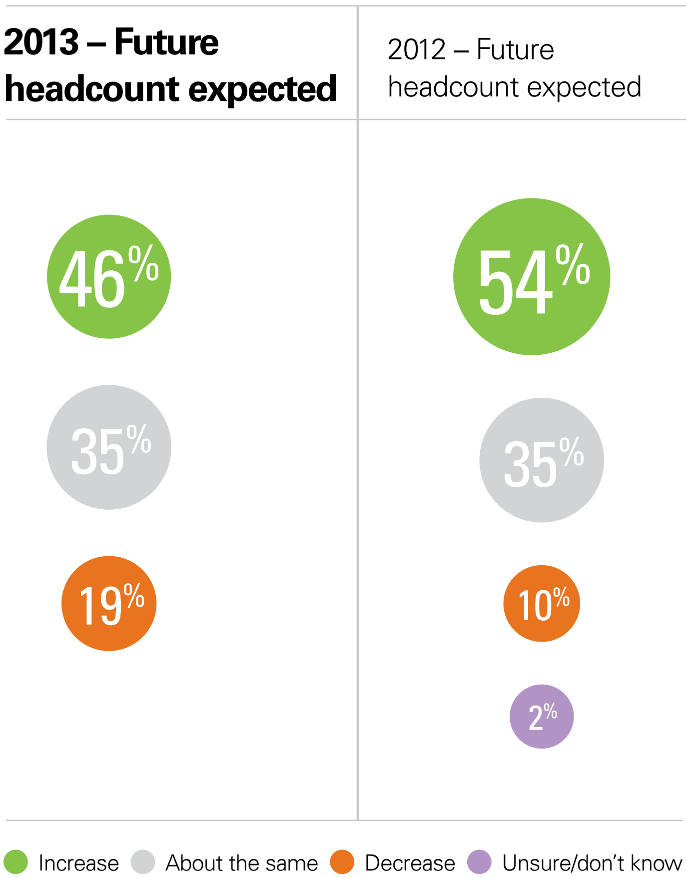
The return of people

Conventional thinking is that people are the biggest expense most companies have (particularly when you factor in benefits that add 30-50% to the average paycheck) and that choosing part-timers over full-time employees, minimizing remuneration or simply shedding staff is the best way to address the problem. However, studies have shown that actively investing in staff pays off. Examples include a retailer whose sales per employee are almost double that of its largest rival. However, companies shouldn't just focus on how much money having more people might bring in: finance should not be the main criteria. Increasing the quality of customer service should be the objective.

Ultimately, everything should be organized around the customer. As most customers want knowledgeable staff to listen to their problems, offer solutions, and take their money, investing in people should be a no-brainer.

Meanwhile, more respondents (36 percent) believe their headcount will remain at current staffing levels than did last year. Almost half of the retail executives surveyed expect to add more staff over the next year, while 19 percent anticipate they will reduce headcount during this time. These predictions are slightly less optimistic than the previous year.

Q: How do you expect your company's U.S. headcount to change one year from now?

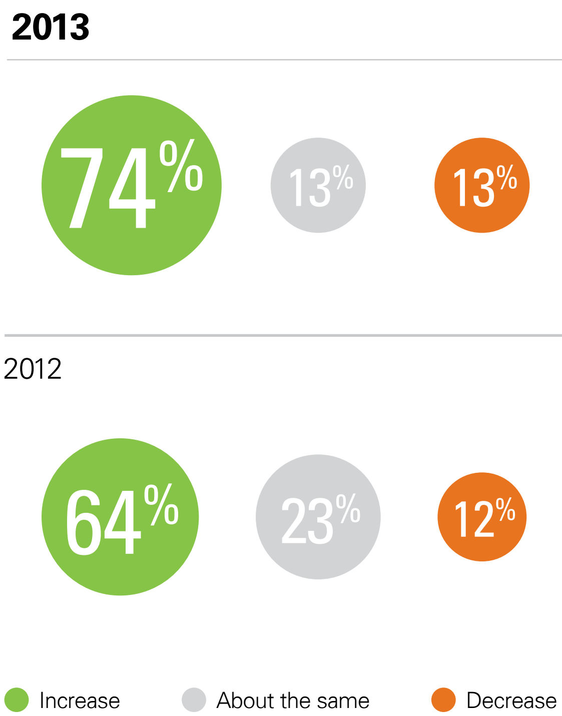


	% in 2013
Increase by more than 10%	3
Increase by 7% to 10%	3
Increase by 4% to 6%	12
Increase by 1% to 3%	28
About the same	35
Decrease by 1% to 3%	15
Decrease by 4% to 6%	3
Decrease by 7% to 10%	1
Decrease by more than 10%	0

Revenue and revenue drivers

Nearly two-thirds (74 percent) of retail executives report revenue increase over the last year. This is a slight improvement from the previous year, when 64 percent of executives answered the same question.

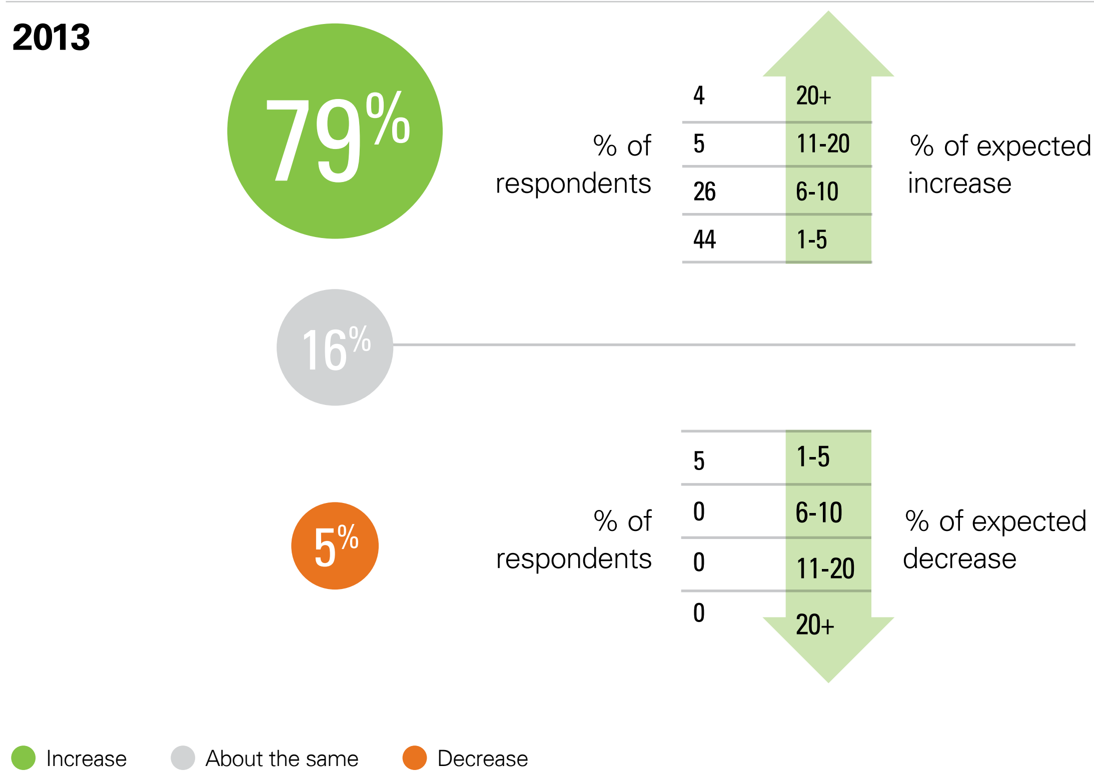
Q: Compared with this time last year, how would you describe your company's current revenue?



2013	% in 2013
Increased by more than 20%	3
Increased by 11% to 20%	8
Increased by 6% to 10%	20
Increased by 1% to 5%	43
About the same	13
Decreased by 1% to 5%	12
Decreased by 6% to 10%	0
Decreased by 11% to 20%	1
Decreased by more than 20%	0

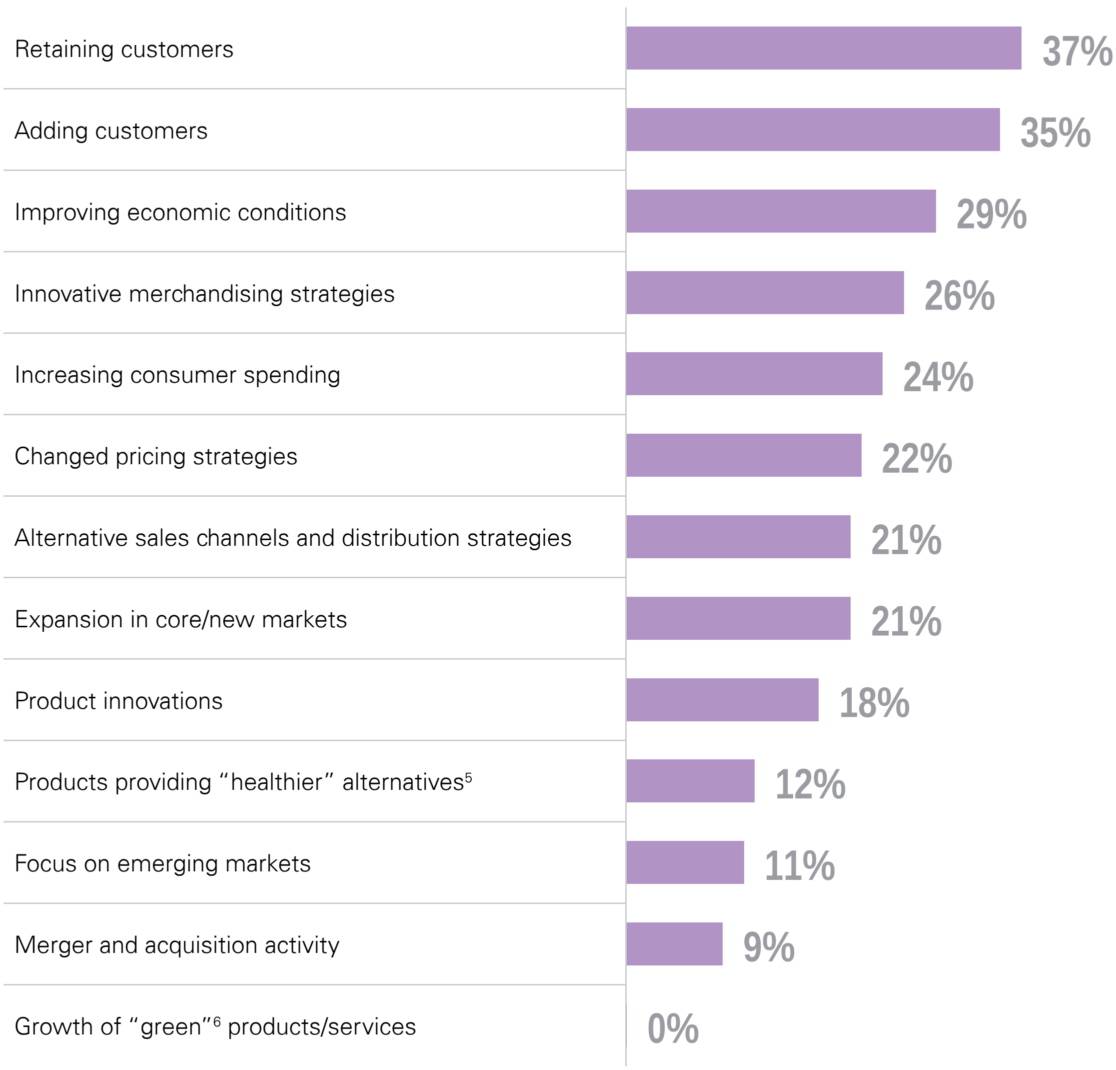
A majority of executives (79 percent) expect revenue to increase next year; over a third expect increases of 6 percent or more.

Q: What do you expect your company's revenue to be like one year from now?



According to survey respondents, retaining existing customers and adding new ones will be key drivers of revenue growth over the next one-to-three years. And while increasing customer loyalty and the share of a customer's wallet can give revenue a boost, 29 percent also predict that improving economic conditions will bolster revenue growth.

Q: Which of the following areas do you believe will be the biggest drivers of your company's revenue growth in the next three years?



Multiple responses allowed.

[5] or address specific dietary needs
[6] Environmentally friendly

Attracting and retaining the new retail customer

Customers are saving more, spending less, and trading down. Their behavior poses challenges and opportunities in three areas: growth, operations, and risk and regulatory compliance.

- Growth is constrained and business models are shifting dramatically. Consumers now favor omnichannel retailing—buying products through Web sites, social media, mobile devices, and e-mail campaigns as well as brick-and-mortar stores—which threatens the relevance of many retailers at the very time they are trying to gain more wallet share.
- Retailers are seeking ways to reduce expenses and improve margins despite the need for higher IT investment to bridge the gap between their physical and virtual presences. Retailers also recognize the need for better staff development and retention to drive more customer loyalty and satisfaction.
- Risk and regulatory issues continue apace. Proposed privacy legislation threatens retailers' ability to better understand their customers' preferences and behaviors. Brick-and-mortar retailers continue their push to have Internet retailers collect sales tax. And despite improved fraud prevention, concerns remain about protecting intellectual property.

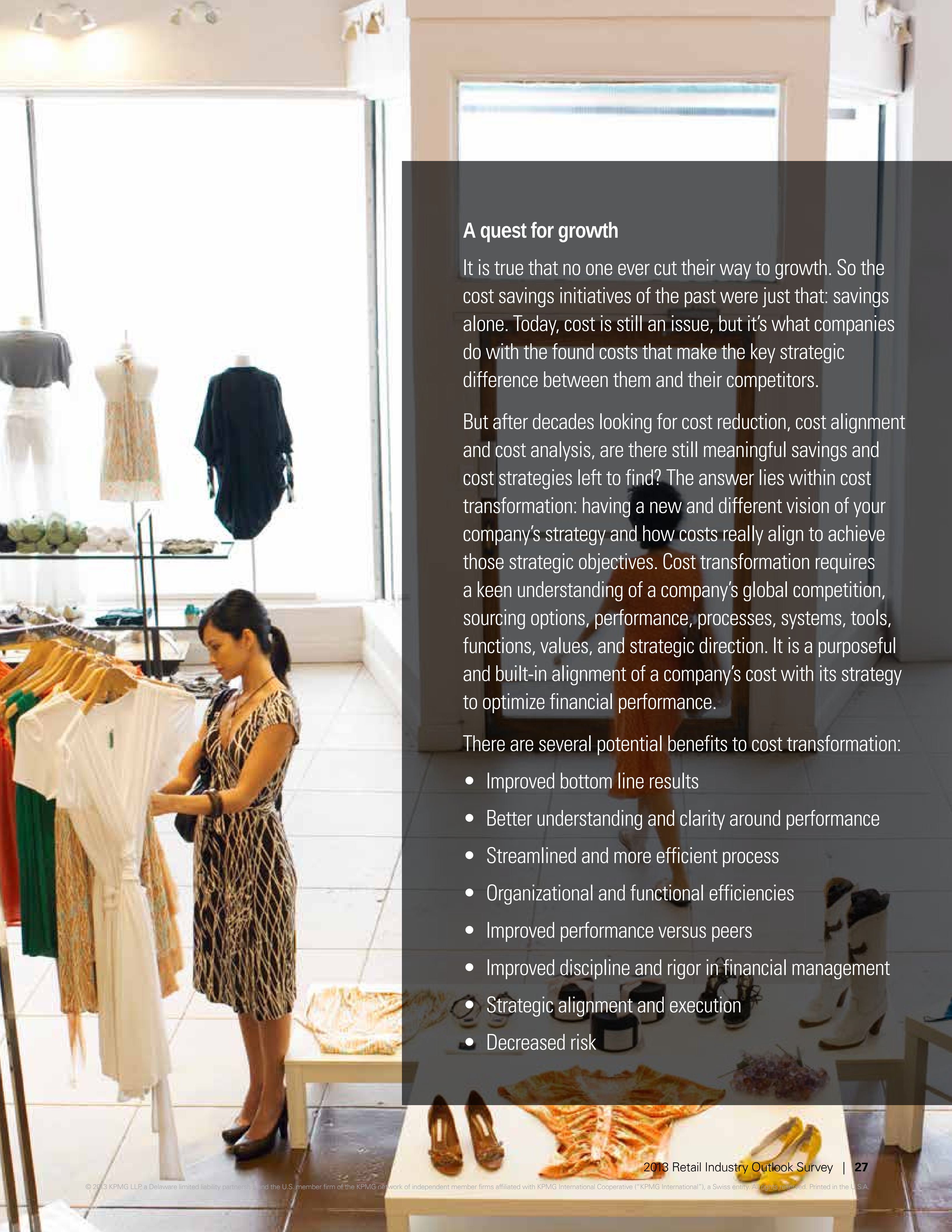
Growth barriers

Pricing pressures remain the highest barrier to growth, according to 39 percent of sector executives. Rising labor costs are also seen as a major obstacle, as evidenced by 31 percent of survey responses versus just 12 percent in last year's survey. Lack of customer demand rounded out the third spot with 26 percent of responses, up slightly from 20 percent in last year's survey. The percentage of executives citing regulatory and legislative pressures and increased taxation increased significantly from 2012.

Q: Which of the following are the most significant growth barriers facing your company over the next year?

	% in 2013	% in 2012
Pricing pressures	39	30
Labor costs	31	12
Lack of customer demand	26	20
Regulatory and legislative pressures	22	15
Increased taxation	19	13
Volatile commodity / input prices	18	12
Energy prices	11	18
Staying on top of emerging technologies	11	15
Lack of qualified workforce	8	16
U.S. dollar strength	7	19
Risk management issues	5	7
Access to and managing capital	4	7
Inflation	4	8
Foreign competition	2	7
Exchange rate fluctuations	2	3
Other	6	5

Multiple responses allowed.



A quest for growth

It is true that no one ever cut their way to growth. So the cost savings initiatives of the past were just that: savings alone. Today, cost is still an issue, but it's what companies do with the found costs that make the key strategic difference between them and their competitors.

But after decades looking for cost reduction, cost alignment and cost analysis, are there still meaningful savings and cost strategies left to find? The answer lies within cost transformation: having a new and different vision of your company's strategy and how costs really align to achieve those strategic objectives. Cost transformation requires a keen understanding of a company's global competition, sourcing options, performance, processes, systems, tools, functions, values, and strategic direction. It is a purposeful and built-in alignment of a company's cost with its strategy to optimize financial performance.

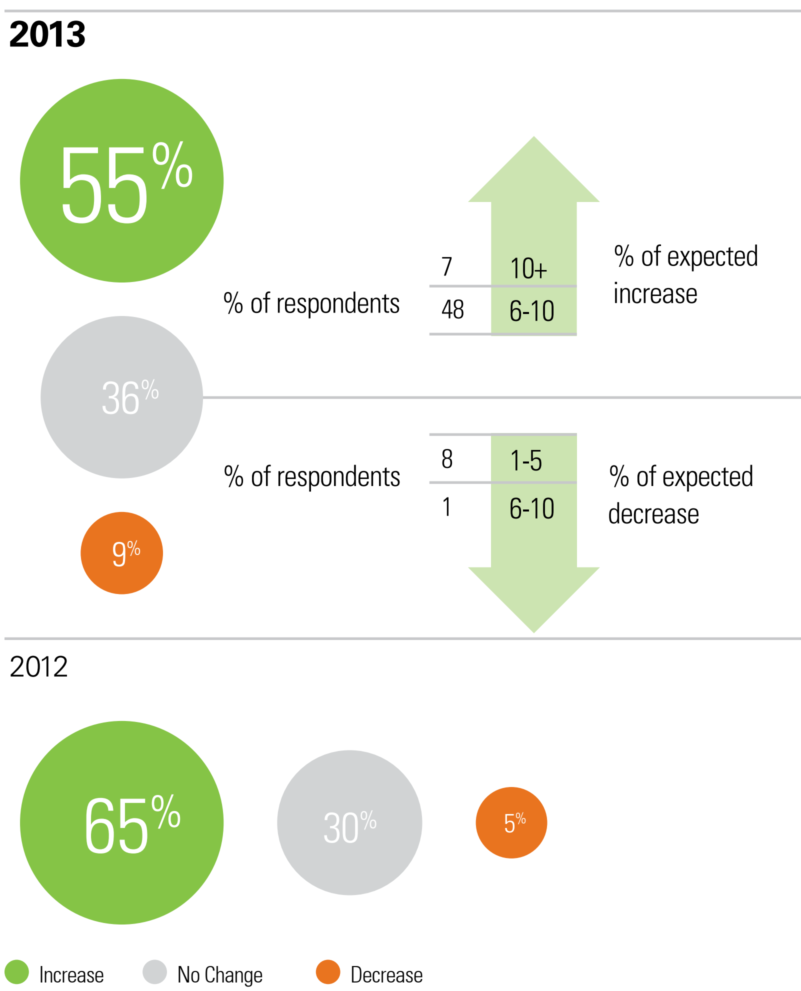
There are several potential benefits to cost transformation:

- Improved bottom line results
- Better understanding and clarity around performance
- Streamlined and more efficient process
- Organizational and functional efficiencies
- Improved performance versus peers
- Improved discipline and rigor in financial management
- Strategic alignment and execution
- Decreased risk

Economic outlook

Fifty-five percent of retail executives surveyed believe that the economy will improve over the next year, representing a slight drop in enthusiasm from the 2012 survey, when 65 percent anticipated that the economy would improve in a year's time. Similarly, 36 percent of respondents expect the economy to remain flat over the next year, compared to 33 percent the previous year.

Q: A year from now, what are your expectations for the U.S. economy?

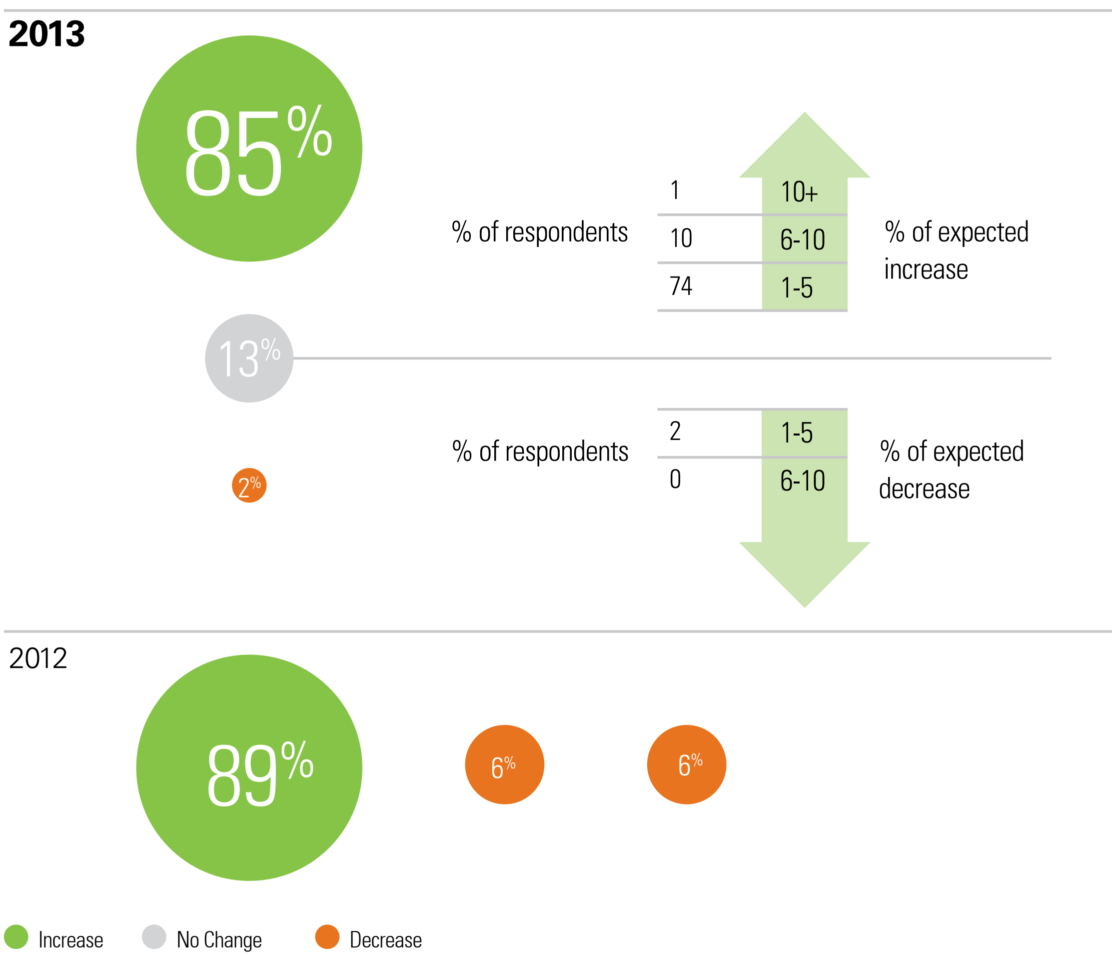


	% in 2013
Significantly improved	7 %
Moderately improved	48 %
About the same	36 %
Moderately worse	8 %
Significantly worse	1 %
Total	100 %

Retail industry growth

Most executives (85 percent) predict the industry will experience growth over the coming year, with modest gains of 5 percent or less anticipated by the majority (74 percent). These responses mirror last year's survey results.

Q: What do you estimate your industry's growth rate will be over the next year?



Weak consumer confidence and prolonged unemployment continue to plague the industry. More than half of survey respondents cite these as the top two factors hindering industry growth. Increased government regulation is also a rising concern, as evidenced by 30 percent of executives, up from 16 percent the previous year.

Q: What factors are most likely to hinder industry growth?

	% in 2013	% in 2012
Decreased consumer confidence	58	57
Continued high national unemployment	45	55
Increased government regulation	30	16
Uncertainty in the credit markets	19	13
Decreased investor confidence	15	16
Distressed real estate market	12	22
Threats to U.S. business from Asia and abroad	10	13
Limited access to credit for consumers	5	23
Turmoil in the Middle East/North Africa	5	7

Multiple responses allowed.

Threats to profit, business models

The biggest three threats to profit margins over the next 12 months remain unchanged from last year's survey. Retail executives cite decreased sales volumes, cost of inputs or merchandise, and discounting and other sales incentives as having the tightest squeeze on profits. Regulatory compliance moved up significantly in the current year from 2012.

Q: In your opinion, which of the following items will pose the greatest threat to your company's profit margins in the next 12 months?

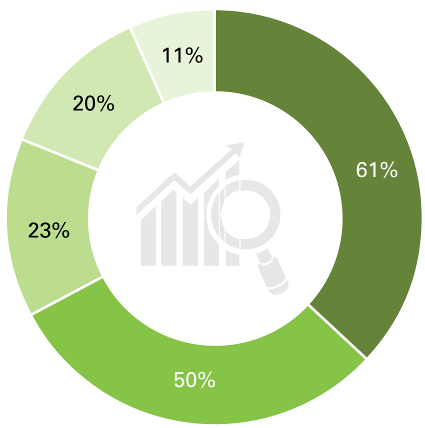
	% in 2013	% in 2012
Decreased sales volumes	46	32
Costs of inputs or merchandise	41	39
Discounting and other sales incentives	38	36
Regulatory compliance	23	15
Administrative costs	18	20
Marketing costs	15	14
Inventory carrying costs	12	12
Foreign exchange variability	8	14
Other	1	6

Multiple responses allowed.

Volatile input costs continue to challenge retailers. Accordingly, 61 percent of executives plan to optimize supply chain costs along with sales, general, and administrative (SG&A) costs. A sizable 50 percent will combat costs by developing customer-centric pricing strategies. These responses are closely in line with 2012 responses.

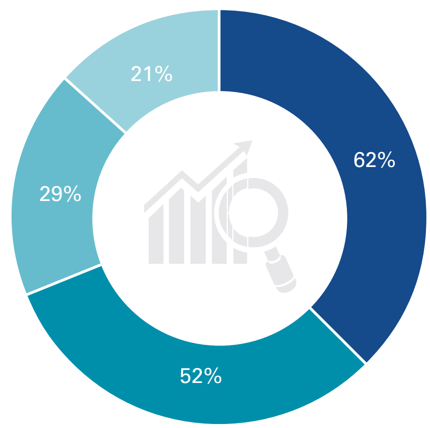
Q: What strategies has your organization implemented to help combat the impact of volatile costs?

2013



- Optimizing SG&A and supply chain costs
- Customer-centric pricing strategies
- Revisiting service delivery models (offshoring/shared services)
- Hedging strategies for commodities
- Enhancing trade spend efficiency

2012



- Optimizing SG&A and supply chain costs
- Customer-centric pricing strategies
- Revisiting service delivery models (offshoring/shared services)
- Hedging strategies for commodities
- Enhancing trade spend efficiency

According to survey respondents, lingering uncertainty over political and regulatory issues pose the biggest threat to business models, followed by increasing competition from low-cost producers.

Q: What issues pose the biggest threat to your business model?

Political/regulatory uncertainty	42%
Losing share to lower-cost producers	30%
Customer/employee mobility	21%
Energy costs	17%
Lack of qualified workforce	16%
Inability to find visionary leadership	13%
Disruptive technologies	7%
Ability to find capital	6%
Other:	9%

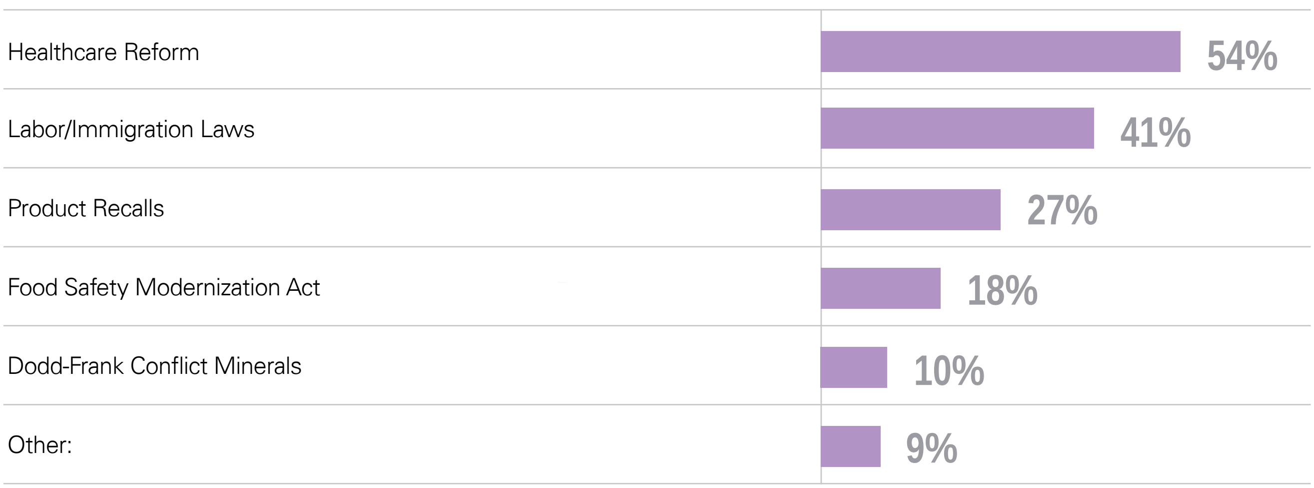
Multiple responses allowed.

Legislation, policies, and risk

Regulations and mandates

When it comes to regulations, more than half of respondents believe healthcare reform requires the greatest focus from retailers, expecting it to have a significant impact on the industry. Labor and immigration laws are also garnering attention, as indicated by 41 percent of the retail executives surveyed.

Q: What regulations and mandates is your organization most focused on?



Multiple responses allowed.

Impact of federal tax policies

Nearly one-third of survey respondents believe that federal tax policies will lead many retailers to invest less capital, while 25 percent expect that tax policies will also have a significant effect on hiring, requiring a change in business structures.

Q: How will evolving federal tax policy impact your organization's business strategy?

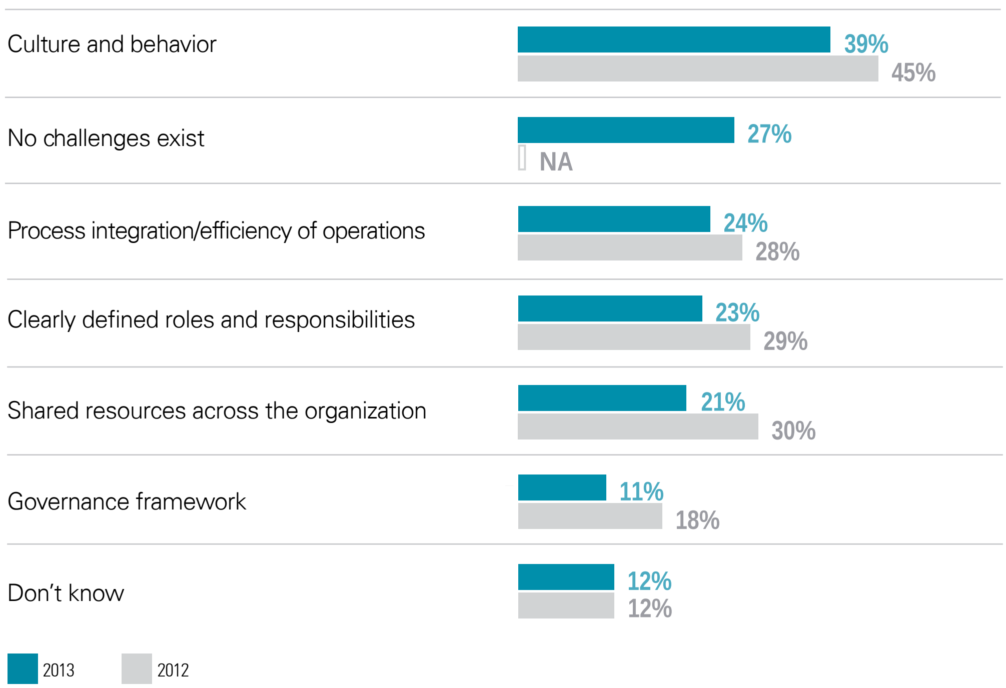
Less capital investment	29%
Changing business structure/impact to hiring	25%
No impact to business strategy	24%
Increased overseas expansion	13%
Increased domestic expansion	9%
Increased M&A (mergers and acquisitions) activity	4%
Do not know	21%

Multiple responses allowed.

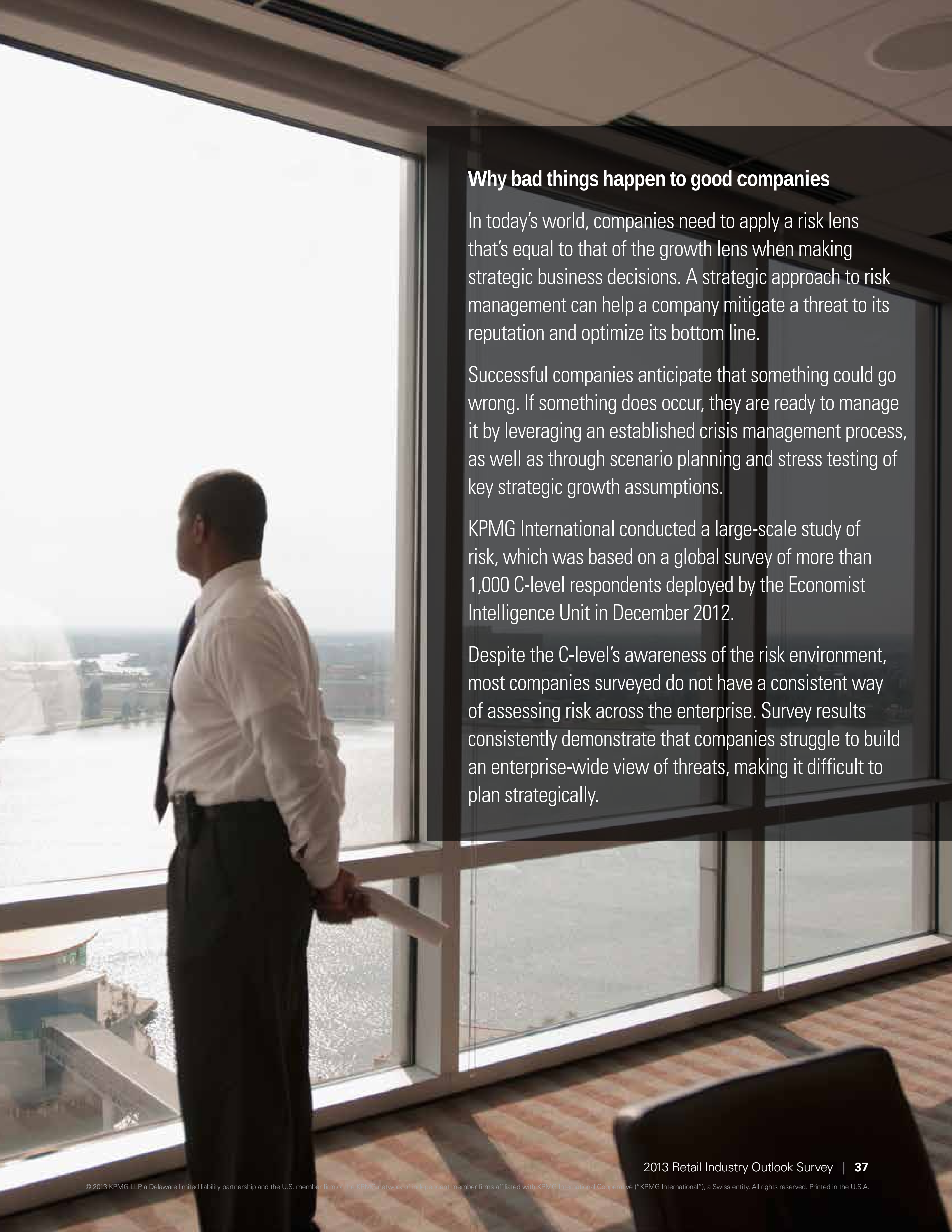
Adoption of risk policies

When asked to identify any existing challenges to the adoption of a formal risk policy, 39 percent of survey respondents believe that culture and behavior pose significant obstacles.

Q: What challenges exist within your organization that may impede or have impeded adopting a formal risk policy?



Multiple responses allowed.



Why bad things happen to good companies

In today's world, companies need to apply a risk lens that's equal to that of the growth lens when making strategic business decisions. A strategic approach to risk management can help a company mitigate a threat to its reputation and optimize its bottom line.

Successful companies anticipate that something could go wrong. If something does occur, they are ready to manage it by leveraging an established crisis management process, as well as through scenario planning and stress testing of key strategic growth assumptions.

KPMG International conducted a large-scale study of risk, which was based on a global survey of more than 1,000 C-level respondents deployed by the Economist Intelligence Unit in December 2012.

Despite the C-level's awareness of the risk environment, most companies surveyed do not have a consistent way of assessing risk across the enterprise. Survey results consistently demonstrate that companies struggle to build an enterprise-wide view of threats, making it difficult to plan strategically.

Final thoughts from KPMG

Amid the current economic climate, it's clear that retail executives face many challenges. At the same time, rapidly advancing technology is providing opportunities for retailers to explore new ways of doing business and to reach more customers. As the survey results show, executives are increasingly embracing an omnichannel approach, delivering an excellent, consistent service experience across all touch points, to remain customer-relevant and competitive in the future. Most report expanding use of social media, online, and mobile technologies to their strategic advantage. They are also realizing the boundless potential offered by data and analytics in gaining customer insights, identifying new markets, and making better decisions. By embracing and successfully leveraging technology innovation, retailers can look forward to a brighter future.

A leader in serving the retail industry

The retail industry continues to face a demanding market environment that requires companies to adjust and actively manage change that may impact sales and performance. At the same time, advances in technology and in capturing and analyzing data are helping companies drive growth, streamline operations, and engage better with consumers.

Having the right professional services firm—one with the industry acumen and intelligence to help clients address their most pressing issues and achieve their goals—is critical. KPMG's Retail practice professionals have the knowledge, experience, and skills to help our clients address challenges, capitalize on opportunities, and sort through today's complex business problems.

Working with our international network of member firms, we serve clients worldwide, developing insights into major business trends and helping to enhance future plans. Our team includes senior leaders from top retail companies, strengthening our investment in, and commitment to, the industry, and enabling us to offer company-specific guidance that helps our clients become, or remain, market leaders.

How we can help you

Audit Services
Financial Statement Audit
Audits of Internal Controls over Financial Reporting
Other Attestation

Tax Services
Federal
Economic and Valuation Services
International Corporate Services
International Executive Services
Mergers and Acquisitions
State and Local

Advisory Services
Management Consulting
Financial Management
IT Advisory
People & Change
Strategy & Operations
Business Intelligence & Analytics
Post Merger Integration
Shared Services & Outsourcing Advisory
Transformational Program Management

Risk Consulting
Accounting Advisory
Financial Risk Management
Forensic
Internal Audit, Risk & Compliance
IT Advisory

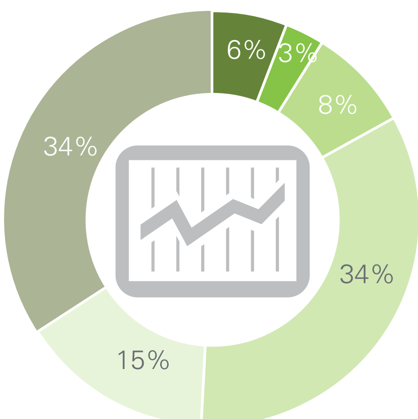
Transactions & Restructuring
Corporate Finance
Restructuring
Transaction Services

The Retail Insight Center is a one-stop-shop for data and insights into retail industry trends: from sales, employment, and consumer spending, to the popularity of smartphones and tablets. Users can explore the Insight Center and build a customizable analytic report, or find data specific to their research needs such as up-to-date and historical consumer trend information and key government indicators.
Visit research.nrffoundation.com

Demographics and methodology

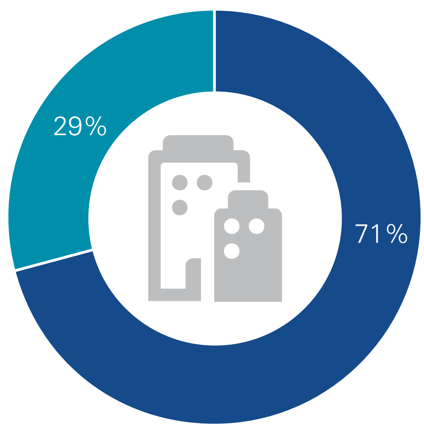
KPMG's 2013 Retail Business Outlook reflects the viewpoints of 101 senior executives in the United States. This web survey was conducted during the Spring of 2013.

Revenue



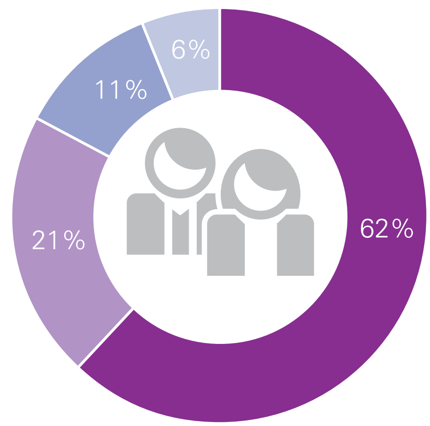
- Less than $100 million (0%)
- $100 million to $249.9 million (6%)
- $250 million to $499.0 million (3%)
- $500 million to $ 999.9 million (8%)
- $1 billion to $4.9 billion (34%)
- $5 billion to $10 billion (15%)
- More than $10 billion (34%)

Company Type



- Public (71%)
- Private (29%)

Title



- Senior Vice President or Director level (62%)
- Executive Vice President/ Managing Director level (21%)
- C-Class (CFO, COD, CTO, etc) (11%)
- CEO, President (6%)

Contact Us

Mark Larson
Partner
US and Global Sector Leader, Retail
T: 502-562-5680
E: mlarson@kpmg.com

Patrick Dolan
Partner
National Line of Business Leader
Consumer Markets
T: 312-665-2311
E: patrickdolan@kpmg.com

The views and opinions from the survey findings are those of the survey respondents and do not necessarily represent the views and opinions of KPMG LLP.