



Retail Sector

Sector Overview:

The Pakistani retail industry is one of the least concentrated in the world as there are few major chains, low rates of car ownerships, home registration, purchasing power and relatively small number of modern retail formats mean the most Pakistanis shop daily at small neighborhood mom-and-pop specialty shops. They are spread across the length and breadth of the country. Indeed the numbers of traditional mom-and-pop stores have mushroomed in recent years. Pakistan is showing up more brightly on the radar screens of major retailers, largely due to massive and growing population of roughly 170 million people. Although, the country is developing, it experienced strong economic growth in period 2004-2007 thereby boosting consumer spending power. In addition, street markets, roadside vendors and hawkers operate in all major cities and villages across Pakistan. In many rural areas, this informal sector forms an important retail channel and holds a critical position owing to their access to fresh produce. Supermarkets remain in their infancy in Pakistan and few supermarkets operation is even limited to country's commercial capital, Karachi and Lahore.

Investment Growth Potential

Supermarkets are the most modern grocery distribution format in the country at present and is expected that they will grow in number and popularity over the coming years as modern distribution channels develop.

With a growing middle income class (estimated at about 25% of the total population), increasing urbanization, growing popularity of international food products, and a rising number of international restaurants and fast food chains, Pakistan is emerging as an expanding market for US and European products.

Major European retail giants Metro Group and Carrefour have taken the plunge. The former has operated cash and carries since 2007, while the later has a franchise agreement with its Middle East partner since 2009.
