OPINION

The seismic shifts in global retail

Walmart, Amazon, Alibaba and Google are making big waves in international retail by forging partnerships that will give them access to fast-growing markets, writes **Fran Minogue**

As we obsess about the rapidly changing shape of British retail, we are in danger of missing the bigger picture.

While we are still coming to grips with Tesco-Booker or Sainsbury's-Asda, there is a far bigger battle going on among the global players.

Across three continents, alliances are forming to protect home markets and share expertise to develop new ones. Walmart, Amazon, Alibaba and Google are all taking major steps to withstand competition on their own shores while making significant forays into other geographies.

Walmart is pulling out all the stops to ensure it can compete on a level playing field with Amazon in the US, while also making big bets in China and India in an attempt to carve out a major slice of these fast-growing markets.

Conversely, Alibaba, dominant in China and with a web of strategic partnerships across South East Asia, is now investing in Europe and forming alliances to expand in the US.

The managing director for the UK and Nordics recently said the company is focused on "taking Europe to China" and not on competing with local online players. But the announcement of five regional hubs to support AliExpress, including one in Belgium, would suggest otherwise.

Fran Minogue
Managing partner at Clarity Search

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Amazon has partnered with Casino

Alibaba's local competitor, JD.com, has signed a deal with Google that will bring valuable learnings about the European and US consumer, making it better equipped to drive hard into these markets.

Key battlegrounds

This is just one of many alliances forged by Google, and its wide ranging partnership with Walmart – including the availability of a huge product catalogue on Google Assist – is a key move to counter Amazon's growing dominance of the voice shopping market.

It is understood Google will also take a stake in Indian etailer Flipkart, the online business where Walmart recently paid $16bn for a 77% stake. This is a clear indication of India's importance in the battle between Amazon, Walmart and Alibaba – and Reliance has announced it will also compete for control of a market estimated to reach $200bn by 2026.

Poor supply chain infrastructure has been a major stumbling block to date, but here Walmart has the edge, as it has spent the past 10 years working with farmers and building a sophisticated cold chain.

Muscle for the fight

Back in the world of mostly bricks and mortar, the latest alliance is Tesco-Carrefour. As with the Sainsbury's-Asda tie-up, joint buying power will extract better prices from global packaged goods companies, and own-label suppliers will be encouraged to innovate on joint ranges – assuming they have enough margin to do so.

Both these deals will bring greater muscle to the fight with Aldi and Lidl, but also create a strong defence against Amazon, which recently created a partnership with Casino in France.

International buying groups are nothing new and have been operating in Europe with varied levels of success for many years, but the threat of the online juggernauts and continued march of the discounters are making them necessary as a means of survival. RW