

SUMMARY REPORT

# Global grocery markets growth (2023 – 2028)

How inflation will affect  
global growth over the next  
five years

RetailAnalysis from IGD



# The three key things to know



1

## **Inflationary pressures will inform shopping behaviour**

Inflation will account for 58% of nominal growth in Asia, 59% in North America and 76% in Western Europe. This will sustain shoppers' focus on value, which will impact their store and product choice in the medium term. In pursuit of the best deals, they are using more channels than before and migrating to value formats. They have become less brand loyal and are more open to switching to private labels.

2

## **China, USA, and India will account for almost half of global growth**

Between 2023 and 2028, the top three grocery markets (China, India and the USA) will add more than US\$1.7 tr in new sales, accounting for 50.8% of all global growth. The three markets present strong opportunities for suppliers but also present unique challenges related to ease of doing business, dominance of traditional trade and their openness to foreign investment.

3

## **Western Europe will see the slowest growth to 2028**

Latin America will see the highest CAGR to 2028 (5.5%), closely followed by Asia and Africa (both 5.4%). In contrast, Western Europe will see the slowest growth (2.8%), which will see it slip behind CEE and the Middle East and Africa. Excluding Turkey, which has seen a large devaluation in its currency, some of the slowest growing major markets in Western Europe include Switzerland, Italy and France.

# Outlook for the global grocery market



**US\$12.2 tr**

value of global market in 2028



**4.4%**

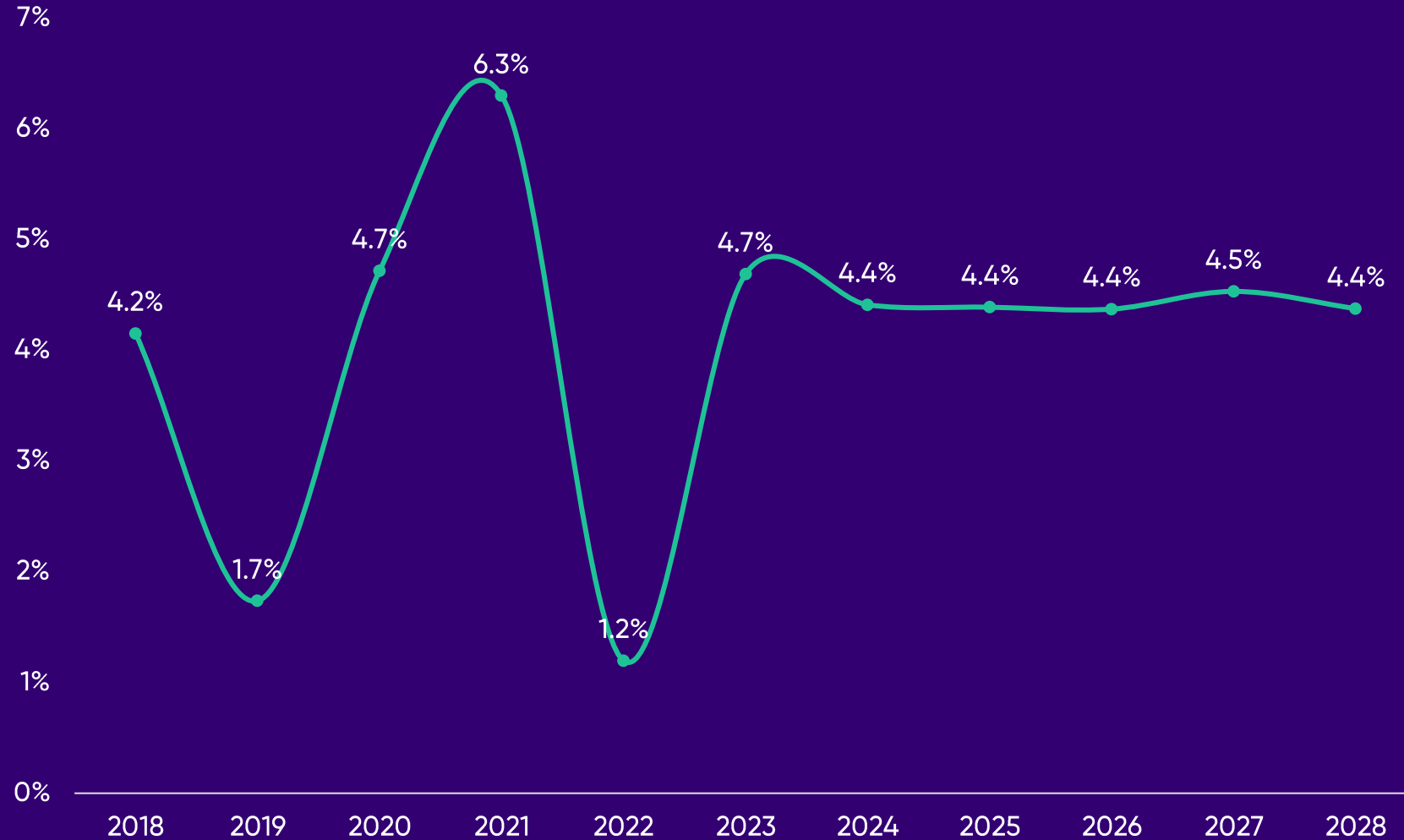
global grocery  
CAGR 2023-28



**US\$2.4 tr**

additional grocery sales generated  
between 2023 and 2028

Global grocery market growth

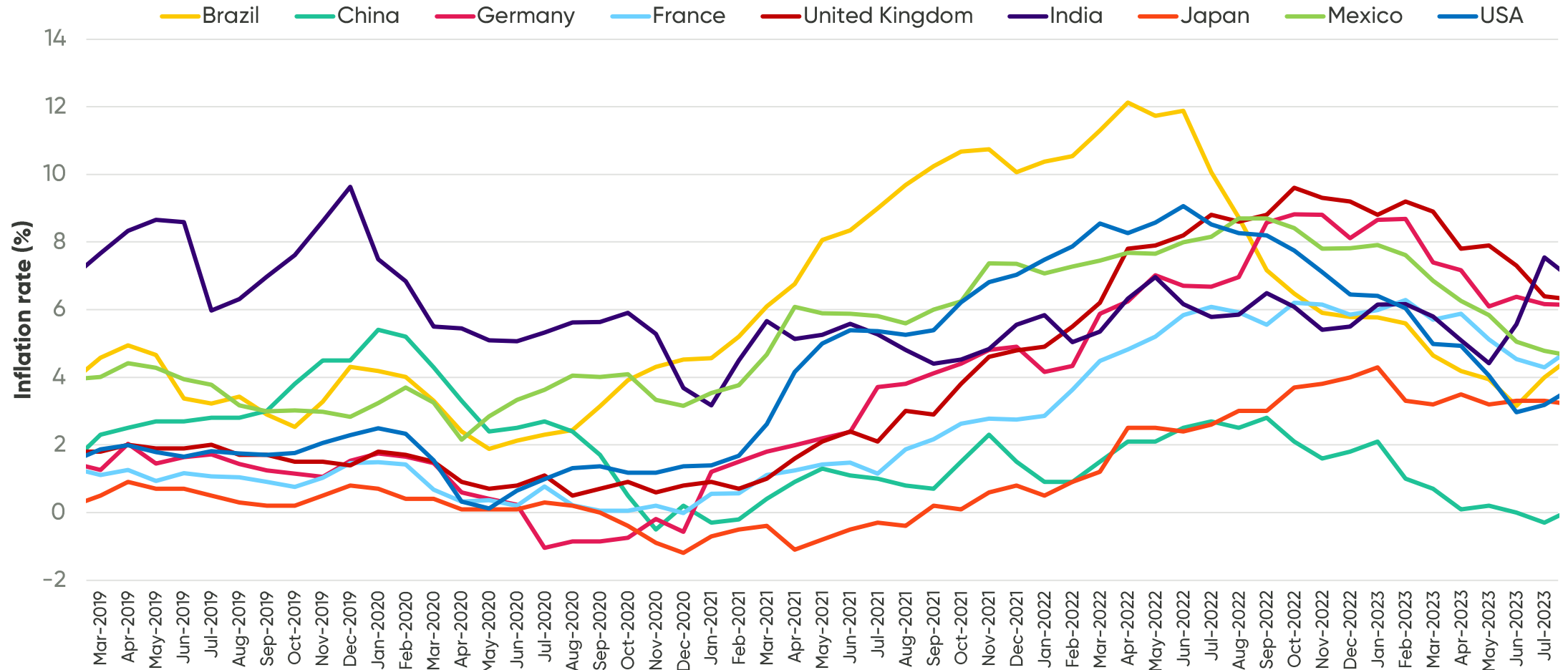


# Macro impacts on costs and margins

In most geographies, retailers and suppliers, like shoppers, are facing a cost crisis. Higher direct costs and changing shopper preferences are squeezing margins. Below are 10 factors that will impact global grocery retailing over the next five years.



# Inflation declined in 2023 but remained above pre-pandemic levels



Whilst inflation rates have declined since the start of 2023, they remain above pre-pandemic levels in most of the world's major markets. Consumer prices remain high, not helped by the ongoing war in Ukraine. In the year ahead, shoppers will continue to prioritise value and retailers will vary their approach in helping customers navigate the lingering cost-of-living crisis.

# Asia's grocery market will widen its lead to 2028

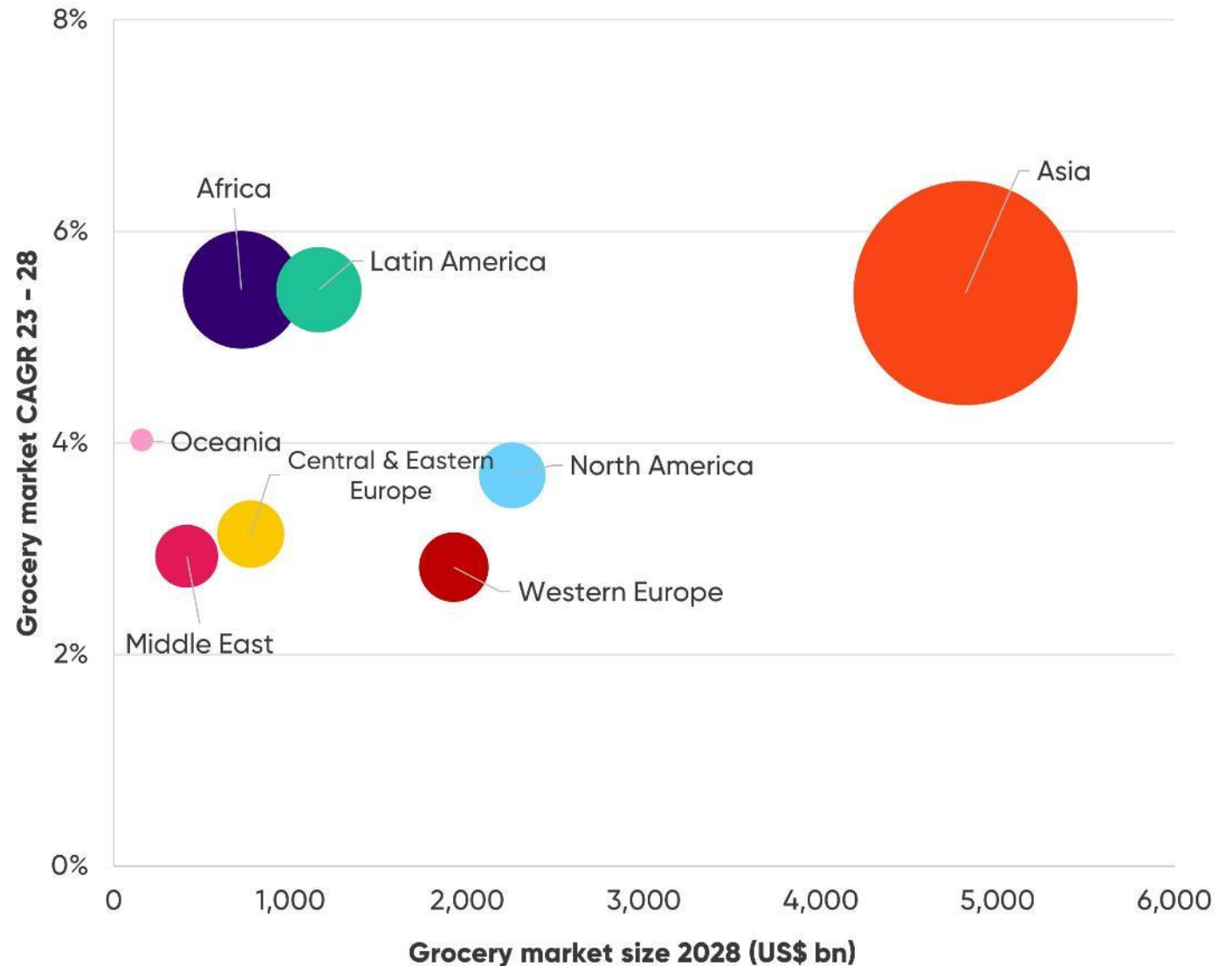
Asia will generate US\$4.8 tn of grocery sales in 2028. The region will account for 39% of global sales, whilst being home to 56% of the world's population. As affluence levels increase, Asia's grocery market will grow in global significance in the coming decades.

Despite slower-than-average growth, North America and Western Europe will remain significant regions. North America will generate US\$2.3 tn (18% of global sales) and Western Europe US\$1.9 tn (16%).

Latin America has the highest CAGR to 2028 (5.5%), closely followed by Asia and Africa (both 5.4%).

This chart shows:

- ▲ The size of the regional grocery markets in 2028 on the horizontal axis
- ▲ The sales CAGR for the period 2023 – 2028 on the vertical axis
- ▲ The size of the bubble is the region's population in 2028

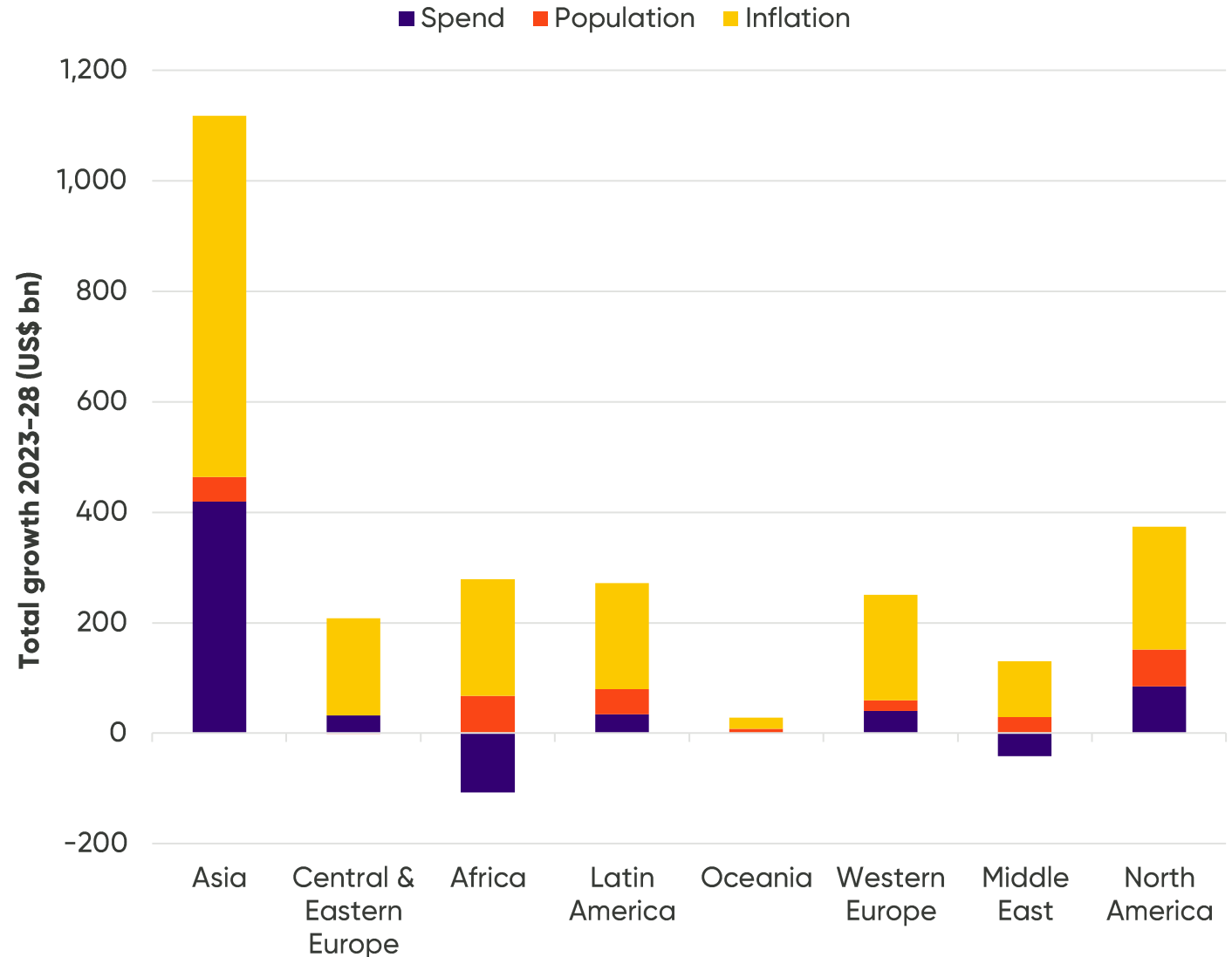


# Growth will be driven by inflation in all regions

Inflation will be the biggest driver of growth in all regions to 2028.

Except for Asia, all regions will see at least two-thirds of their growth coming from inflation.

Asia will generate 38% of its growth from spend (58% from inflation), whilst Africa and the Middle East are forecast to experience a decline in real consumer spending (-63% and -47% respectively).



# Global market sizes: top 20 in 2028

Rank	Country	2028 market size (US\$ bn)	CAGR 2023-28
1	China	2,178	4.1%
2	USA	2,115	3.7%
3	India	1,147	10.8%
4	Brazil	431	7.0%
5	Japan	378	1.9%
6	Germany	359	2.7%
7	United Kingdom	348	3.4%
8	France	342	2.5%
9	Russia	327	3.8%
10	Mexico	293	5.1%

Rank	Country	2028 market size (US\$ bn)	CAGR 2023-28
11	Italy	242	2.4%
12	Indonesia	237	6.5%
13	Nigeria	200	4.0%
14	Spain	168	3.3%
15	Canada	140	3.3%
16	Australia	133	4.0%
17	South Korea	125	3.2%
18	Vietnam	113	5.6%
19	Poland	113	5.3%
20	Pakistan	106	2.1%





## Learn more

If you do not have an IGD account manager, contact Ben at [ben.scott@igd.com](mailto:ben.scott@igd.com)

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