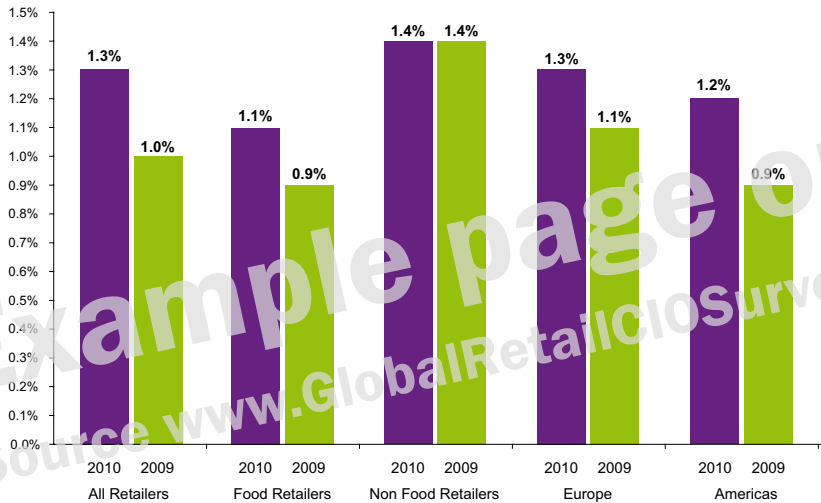


Global Retail CIO Survey 2010

IT Spend

IT Spend by Business Area and Geography



“Hopefully it (IT budget) will remain the same for next year. But I had \$1 million taken from my budget this year.” (13% budget cut).

CIO, Specialty Food Retailer, North America

Research for last year’s Global Retail CIO Survey was conducted just as the recession had started to bite and the mood among CIOs was downbeat. This year, the mood has lifted and there are signs of recovery. The average IT spend for all retailers interviewed has increased from 1.0% of sales last year to 1.3%. While this is lower than reported by other IT surveys, this apparent discrepancy is to be expected. This survey excludes merchandise management or seasonal style retailers, such as fashion and department store retailers that typically spend more on IT as a percentage of sales than category management style retailers – who are the focus of this survey.

If we look at the differences between food and non-food retailers, we find that non-food retailers spend a higher proportion of their sales on IT than food retailers (1.4% for non-food retailers compared to 1.1% for food retailers). Lower margins and higher volumes among food retailers mean that IT operations are typically leaner and IT spend is lower than their non-food counterparts. The average IT spend for food retailers has increased from 0.9% of sales to 1.1% from last year. The non-food IT spend average has remained at 1.4%. This may be because non-food retailers have been hit by the recession more heavily than food retailers and so have reined in their spending for another year.

As reported in the 2009 survey, there is very little difference in IT spends between Europe and the Americas. European retailers spend marginally more (1.3% of sales), compared to the Americas (1.2%).

Will IT Budgets Increase, Decrease or Stay the Same?

In line with findings from 2009 just over half (53%) of the retailers interviewed felt that their IT budgets as a percentage of sales would remain the same for next year. Therefore, retailers anticipating a drop in sales would see a fall in the actual value of their IT spend.

The results for the remaining 47% of retailers surveyed are exactly the same as for 2009, when 26% felt that their IT budget as a percentage of sales would increase, while 21% felt that their IT budgets would decrease. It is surprising that the results are exactly the same as for 2009, so it seems as if optimism has not increased even though actual IT budgets have been going up.

