

# THE GEANT CASINO

## HYPERMARKET OF TOMORROW

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# OVERVIEW

Vision

Challenges

- Concept-based differentiation

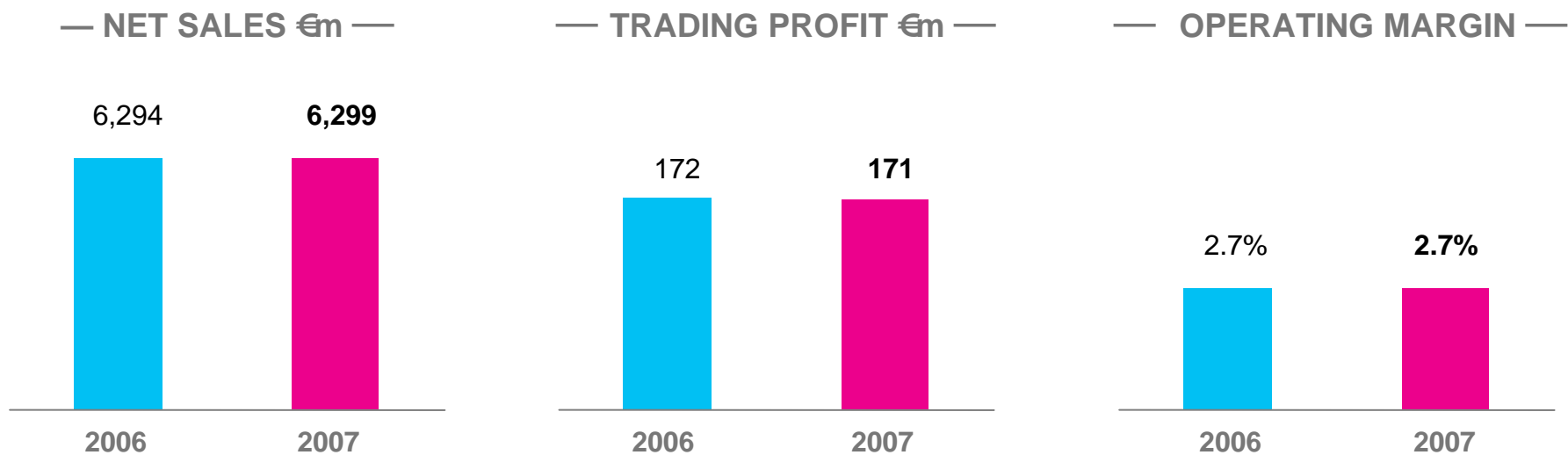
- Operating excellence

- Improving margins

Performance of the Pessac hyper

# 2007 KEY FIGURES

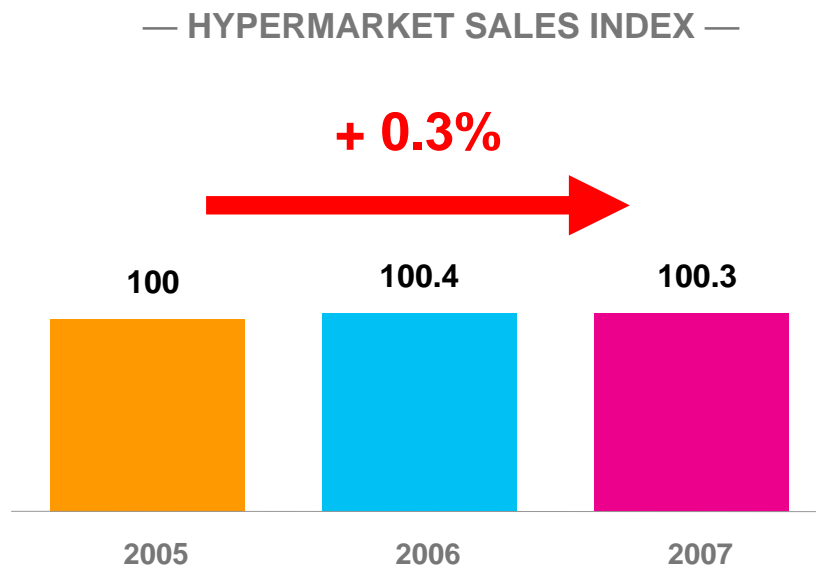
→ 113 stores



→ Market share stable at 3.7%

# GÉANT CASINO HYPERMARKETS FROM 2005 TO 2007

→ Sales excluding fuel have been flat for the past 3 years



NB:base 100 in 2005

# GÉANT CASINO HYPERMARKETS FROM 2005 TO 2007

→ Non-food sales are being hit by more aggressive competition from speciality superstores and need to build a new model

- From 2003 to 2007, the total retail area of speciality GHG\* superstores rose by 17.5%

- This channel represents 90% of total [HM+ speciality superstore] retail space

- From 2003 to 2007, the total retail area of speciality apparel superstores rose by 30%

- This channel represents 70% of total [HM+ speciality superstore] retail space

\* General Household Goods

Overview

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# VISION

- Our customers are clearly identified:
  - **73.6%** are women
  - **40.6%** are more than 50 years old (of whom 25.5% are single-parent)
  - **52.6%** do not have any children
  
- We are therefore going to make our concept more **modern** and more **feminine** with:
  - A friendlier, more consistent, more modern visual identity
  - A more woman-oriented shopping experience, with a focus on clothes and household goods

Overview

Vision

## **CHALLENGES**

Concept-based differentiation

Operating excellence

Improving margins

Performance of the Pessac hyper

# A COMPREHENSIVE CONCEPT, REFLECTING OUR THREE-YEAR PLAN

→ The 2008/2010 strategic plan expresses the strategic vision of how our concept will evolve, based on **three simple, yet powerful ideas**:

Concept-based  
differentiation

Operating  
excellence

Improving  
margins

# CONCEPT-BASED DIFFERENTIATION

→ The Géant Casino concept (the Pessac model) is designed to set the standard in **three core store sections**:

Apparel

Household goods

Fresh products

# APPAREL

## CONCEPT-BASED DIFFERENTIATION

### → A differentiating layout

- Store opens onto women sections, our primary customers
- A highly differentiating atmosphere, combining lighting, floor treatment, furniture and colour scheme

### → A frequently renewed offering, showcased in a dramatic setting

- 2 collections per season, each comprising 3 to 4 styling themes
- Cross merchandising highlighting the primary offering and its accessories

### → Increased global sourcing

- Purchases up 31% in euro terms at end April 2008

### → Optimised merchandise management

- Introduction of software to optimise merchandise flows
- Optimisation of stocks with supply-chain excellence
- People: enhanced professionalism and training in merchandising, products and sales techniques

# HOUSEHOLD GOODS

## CONCEPT-BASED DIFFERENTIATION

### → Differentiating layout

- Small appliances, household linens and household furnishings (tableware, kitchenware and bathware) combined into a single section at the store entrance

### → An attractive, modern offering

- Increased private-label presence, in particular with exclusive lines intended for the three clearly defined targets: young families, seniors and women
- An aligned household furnishings offering
- Different merchandising, similar to speciality retailers

### → Increased global sourcing

- Sharp increase in both always-in-stock and seasonal imports, as well as during In & Out promotions.
- Purchases up 62% in euro terms at end April 2008

### → More frequent promotional campaigns and more dramatic product presentations

# FRESH PRODUCTS

## CONCEPT-BASED DIFFERENTIATION

- Return to our **traditional expertise** in fresh products
- Strong, **differentiating concepts**
  - Showcasing value-added products and service stands in dramatic settings
    - Ex: bakery, butcher, fruit & vegetables
  - Development of self-service sections, to make buying easier
- **Operating excellence** and quality
  - Rapidly extending our concepts
  - Ambitious training plan
- **Improved offering**
  - Differentiation through greater choice
  - Focus on product quality and freshness
  - Aligned with changing shopper behaviour by section and store
  - Stepped up marketing dynamic



→ Shaping our marketing mix with customer knowledge:

- In-depth understanding of our customers, store by store, based on a lifestyle segmentation. This makes it easier to:

- **Adjust the offering**
- **Improve pricing**
- **Target our direct marketing**
- **Adjust store layout**

→ Strengthen our store employees' customer-oriented culture



# LOYALTY PROGRAMME

OPERATING EXCELLENCE

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→ Objective: **increase the number of loyal customers**

- By improving the loyal customer retention rate
- By transforming occasional customers into loyal customers
- By acquiring new customers, especially via the payment card

→ To meet it, our loyalty action plan is organised around:

- Using the dunnhumby approach to deliver a personalised offering to every customer, depending on his or her shopping behaviour
- Selectively sending mailers and coupons for loyal customers
- Increasing the programme's "generosity" in Smiles points and rebates
- Encouraging people to redeem their Smiles

# OPTIMISING THE OFFERING

## OPERATING EXCELLENCE

### → National brands

- Improving choice (amount and quality)
- Aligning the offering to each store's customer profile
- Slotting innovations more quickly

### → Private labels

- Expanding the offering and number of items (e.g. launch of Casino Délices)
- Developing non-food private labels
- Increasing private-label shelf prominence:
  - At hand and eye level
  - Across the entire shelf (from right to left)
  - Near the leading national brand to enhance perceived savings

### → Value lines

- Dedicated advertising of our low-price commitment
- Dedicated shelf signage
- Highlighted in promotional spaces

# REFRIGERATED PRODUCTS

## OPERATING EXCELLENCE

### → Expanding shelf space

- Significantly increasing dairy and deli shelf space to proactively respond to changing shopping patterns
- Adding new frozen food lines to the meat and fish sections
- Installing category signage to facilitate the buying decision

### → Quickly increasing product choice

- Making the product offering a strength and source of differentiation by increasing choice of products, especially in trendy new segments like snacks and ready-to-eat products
- Building the strategy around the private label and innovation

### → Intensifying in-store marketing resources

- Increasing the number of marketing campaigns
- Organising promotional campaigns and events outside shelf areas, with massive exposure



# PRICING

## IMPROVING MARGINS

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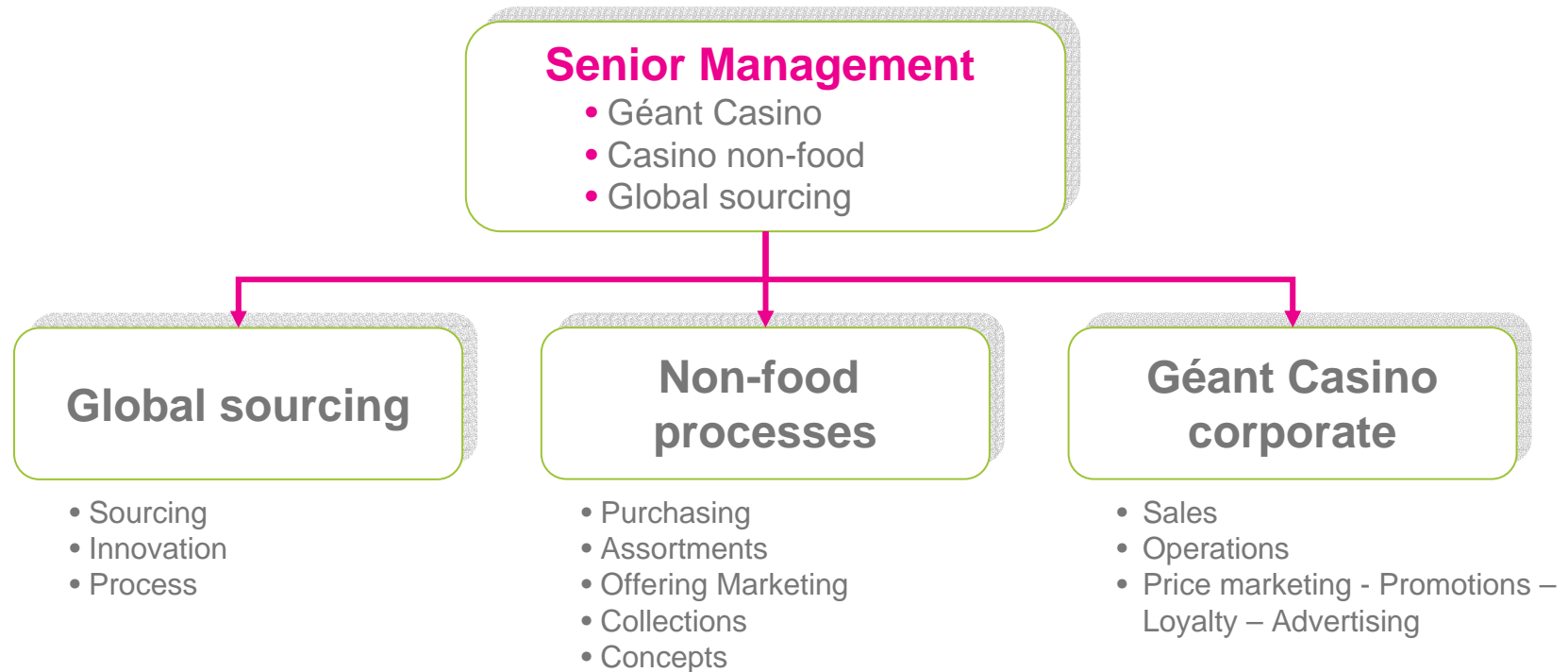
→ The new pricing policy is designed to offer:

- The lowest prices on a selection of **2,700 products**, covering **42%** of the average basket and **61%** of the price-sensitive basket (dunnhumby analysis)
- The best prices on **PRIVATE LABEL** and **VALUE LINE PRODUCTS**
- Market prices on **NATIONAL BRANDS**

# ORGANISATIONAL SYNERGIES BETWEEN GÉANT CASINO AND NON-FOOD ITEMS

## IMPROVING MARGINS

→ Merging upstream and downstream into a single organisation:



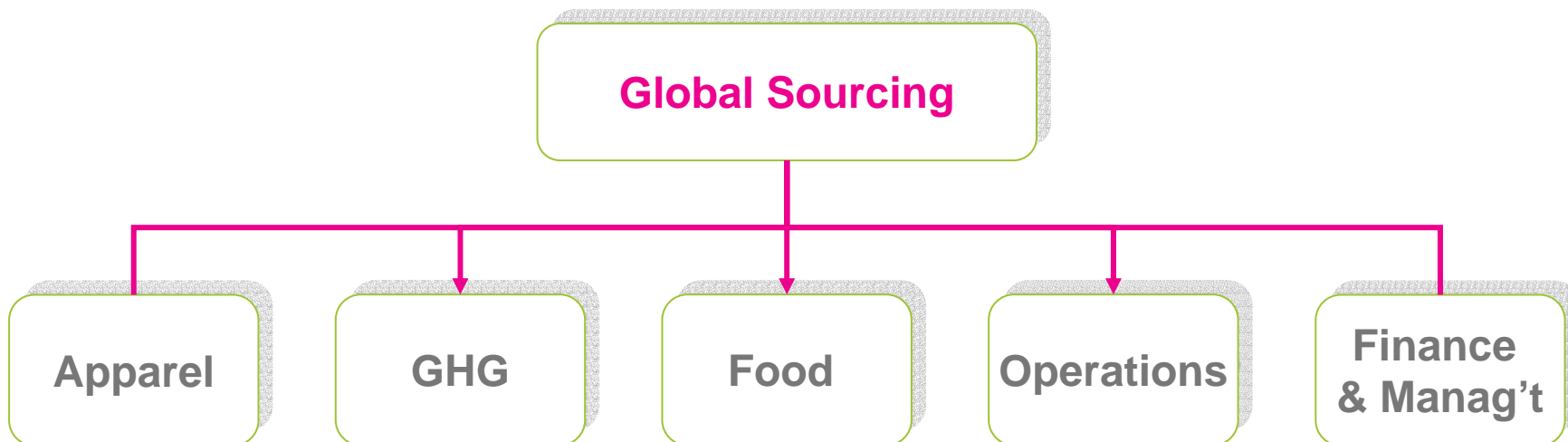
→ Shifting to a category management process empowering teams to drive performance in a range of financial parameters:

**Sales - Margins - Costs - Trading profit**

# INCREASING THE PRESENCE OF DISTANT IMPORTS

## IMPROVING MARGINS

- A new, faster, more efficient organisation aligned with the organisation for France and structured by category instead of country.



- New objectives for the Group, with the goal of improving the always-in-stock offering, promotional opportunities and margins
- Increasing Global Sourcing by **60%** by 2010.

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**PERFORMANCE OF THE PESSAC HYPER**