# Carrefour – swot essay sample

Overview

Main address: Carrefour S. A., BP 419-16, 75769 Paris Cédex 1

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Carrefour is the world’s second largest retailer in terms of sales.

Truly global player with operations in over 30 countries.

Major formats are hypermarkets, supermarkets and discount stores.

Well known for entering and adapting to emerging markets.

Group turnover (2002): EUR85. 6 billion

Total number of stores (including franchises): 10, 673

Background

Carrefour SA was first listed on the French stock market in 1970. First opening stores in France during the 1960s, Carrefour went on to open the first hypermarkets in France and Europe.

First started expanding into the rest of Europe in the early 1970s and 1970 At the same time the ED discount format was introduced.

The Carrefour own-label was introduced in 1985.

The first non-European store was opened in Brazil in 1975. Carrefour's first Asian store opened in Taiwan in 1989.

Carrefour announced its intention to merge with Promodès at the end of August 1999 with the merger approved in January 2000. The Carrefour name was retained with the majority of Promodès stores rebranded. The merger pushes Carrefour to second place in global retailing.

Operation

Carrefour operates a diverse portfolio of formats, including hypermarkets, supermarkets, discount stores, cash & carries, c-stores and a number of neighbourhood store formats for independent retailers.

Pioneer of hypermarket format. All hypermarkets trade under the Carrefou banner worldwide. With the opportunities for hypermarket openings in developed markets slowing, Carrefour's strategy is to use the format to establish itself in emerging markets around the world.

Supermarkets trade under a variety of fascias, although Champion is the most important.

Discount stores are operated by Dia. Dia is now seen as a key brand for Carrefour's future growth. Given the success of the Dia format with its high profitability levels, it is not surprising that Carrefour is placing more emphasis on the discount banner in order to grow internationally – especially in South America and Asia.

The strategy is to establish all these major formats (hypermarkets, supermarkets and discount stores) in all countries.

Sales By Format, 2002

Cash & Carries 2%

Supermarkets & Neighbourhood Stores 2%

Supermarkets 23%

Independent Retailers 1%

Carrefour by

France

Formats: Hypermarkets, supermarkets, discount stores, c-stores, cash & carries, independent retailers, forecourt stores

No. of stores:

2002 retail sales:

Greece

Formats: Hypermarkets, supermarkets, discount stores

No. of stores:

2002 retail sales:

Italy

Formats: Hypermarkets, supermarkets, c-stores, cash & carries

No. of stores:

2002 retail sales:

Poland

Formats: Hypermarkets, supermarkets

No. of stores: 76

2002 retail sales: €0. 8 billion

by Country: South America

Colombia

Formats: Hypermarkets

No. of stores: 8

2002 retail sales: €0. 2 billion

Dominican Republic

Formats: Hypermarkets

No. of stores: 1

2002 retail sales: €0. 1 billion

Mexico

Formats: Hypermarkets

No. of stores: 21

2002 retail sales: €0. 8 billion

Carrefour by Country: Asia Pacifi

Malaysia

Formats: Hypermarkets

No. of stores: 6

2002 retail sales: €0. 3 billion

Singapore

Formats: Hypermarkets

No. of stores: 1

2002 retail sales: €0. 1 billion

South Korea

Formats: Hypermarkets

No. of stores: 25

2002 retail sales: €1. 3 billion

Taiwan

Formats: Hypermarkets

No. of stores: 28

2002 retail sales: €1. 4 billion

Country: Africa & Middle Eas

Tunisia

Formats: Hypermarkets

No. of stores: 1

2002 retail sales: €0. 04 billion

Turkey

Formats: Hypermarkets,

supermarkets, discount stores

No. of stores:

2002 retail sales: €4. 4 billion

UAE

Formats: Hypermarkets

No. of stores: 8

2002 retail sales: €0. 5 billion

Carrefour Sales Breakdown By Region, 2002

Middle East

1%

Asia 7%

South America

8%

Europe

84%

Carrefour Sales Breakdown By Country 2002

Smallest fifteen  countries

4%

Taiwan

2%

Switzerland

1%

Spain

13%

Portugal

1%

Poland

1%

Mexico

1%

South Korea

2%

Latest Major Developments (1/2)

January 2003 – Carrefour has reported a slip in gross sales for 2002 of 1. 6% to EUR76. 78 billion. Although currency effects in emerging markets (devaluations in Brazil and Argentina and weaker Asian currencies) knocke sales growth back, on a constant currency basis sales rose by 4. 5%.

January 2003 – Unconfirmed reports suggest Carrefour is to enter Bulgaria This follows on from reports throughout 2002 that the group is planning entry into Russia and the Philippines.

December 2002 – Opening of the first Carrefour hypermarket in Egypt by th Majid Al Futtaim group which holds the Carrefour franchise for countries in the Middle East.

December 2002 – Carrefour acquires the 20. 3% stake not already owned in its Spanish subsidiary, Centros Comerciales Carrefour.

Latest Major Developments (2/2)

August 2002 – CEO Daniel Bernard stresses that Carrefour is now coming to the end of the three year process of merging with Promodès stating “ The synergies from that are in place, but there are still more to come, particularly in logistics. That’s a five to six year process.”

May 2002 – Carrefour acquires 12 outlets from the failed Metro supermarke chain in Argentina.

February 2002 – Carrefour confirms that it does indeed plan to open discount stores in China under the Dia banner as previously rumoured. The first opening is scheduled for Shanghai in 2003. Although it is too early to say how many Dia stores the company will open in China, Carrefour believe that the potential market is enormous.

Carrefour In Contex

Leading global grocery/GM retailers in terms of sales,
2002:

1. Wal-Mart – EUR255. 1 billion.
2. Carrefour – EUR87. 2 billion.
3. Ahold – EUR75. 4 billion.
4. Kroger – EUR58. 9 billion.
5. Ito-Yokado – EUR57. 7 billion.
6. Metro Group – EUR56. 1 billion.
7. Target – EUR46. 9 billion.
8. Albertsons – EUR44. 6 billion.
9. Kmart – EUR42. 5 billion.
10. Tesco – EUR41. 3 billion.

Carrefour In Contex

Leading global grocery/GM retailers in terms of countries of operation, 2002:

1. Carrefour – 31 countries.
2. Ahold – 26 countries.

– Metro Group – 26 countries.

4. Ito-Yokado – 13 countries.

– Tesco – 13 countries.

6. Wal-Mart – 11 countries.

7. Kroger – 1 country.

– Target – 1 country.

– Albertsons – 1 country

– Kmart – 1 country.

Carrefour In Contex

Leading global grocery/GM retailers in terms of number of stores, 2002:

1. Ito-Yokado – 23, 772 stores (5, 562, 448m2).
2. Carrefour – 10, 673 stores (12, 071, 981m2).
3. Ahold – 9, 276 stores (9, 766, 550m2).
4. Wal-Mart – 5, 080 stores (49, 632, 668m2).
5. Kroger – 3, 668 stores (11, 659, 343m2).
6. Metro Group – 2, 393 stores (11, 125, 900m2).
7. Albertsons – 2, 285 stores (9, 099, 890m2).
8. Tesco – 2, 276 stores (4, 284, 561m2).
9. Kmart – 1, 620 stores (12, 524, 500m2).
10. Target – 1, 476 stores (15, 758, 730m2).

Leading Global Retailers Spread, 2002

Number of stores by country

Country Carrefour Wal-Mart Ahold Tesco Metro

Argentina 451 11 245

Austria 41

Belgium 484 23

Bulgaria 8

Brazil 267 22 142

Canada 201

Chile 4 78

China 62 25 18

Colombia 8

Costa Rica 96

Croatia 1

Czech Rep 8 209 17 10

Denmark 21 4

Dominican Republic 1

Ecuador 1

Egypt 1

El Salvador 21

Estonia 6

France 4, 530 1 117

Germany 95 1, 791

Leading Global Retailers Spread, 2002

Number of stores by country

Country Carrefour Wal-Mart Ahold Tesco Metro

Greece 414 14

Guatemala 98

Honduras 27

Hungary 52 32

Indonesia 9 21

Italy 946 79

Japan 4 405 1

Latvia 33

Lithuania 38

Luxembourg 3

Malaysia 6 41 3

Mexico 21 595

Morocco 5

Netherlands 2, 280 22

Nicaragua 20

Norway 1, 173

Oman 1

Paraguay 12

Peru 39

Philippines

Leading Global Retailers Global Spread, 2002

Number of stores by country

Country Carrefour Wal-Mart Ahold Tesco Metro

Puerto Rico 54

Poland 76 179 77 81

Portugal 346 10

Qatar 1

Republic of Ireland 77

Romania 1 16

Russia 6

Singapore 1

Slovakia 4 12 17 6

South Korea 25 12 20

Spain 2, 802 694 36

Sweden 2, 127

Switzerland 11

Taiwan 28 3 15

Thailand 17 51 49

Tunisia 1

Turkey 134 23

UAE 8

UK 259 1, 975 29

USA 3, 401 1, 628

Vietnam 2

Europe

Analysis By Country: Belgium

Carrefour’s status: Leader

Main competitors(s): Delhaize, Colruyt, Cora

Strengths Weaknesses

1. Market leader.

2. Operations span a wide variety of  formats/fascias.

3. Hypermarkets performing well in non-food ranges.

Opportunities

1. Discount store development.

2. More forecourt stores.

3. Greater synergies between different  supermarket chains.

Analysis By Country: Czech Republi

Number 8

Ahold, Schwarz, Rewe

Weaknesses

1. Credible economy ranges.

2. Adaptable hypermarket format.

3. Local buying infrastructure.

4. Impressive food and non-food offer.

Opportunities

1. Begin to catch up in discount store  terms.

2. More smaller format hypermarkets.

3. Possible withdrawals by foreign  players could provide acquisition opportunity.

Analysis By Country: France

Carrefour's status: Leader

Main competitors(s): Leclerc, ITM, Auchan

Strengths Weaknesses

1. Lost sight of quality in recent  price-led skirmishes with rivals.

2. Lost market share to Leclerc.

3. Disappointing E-commerce.

4. Promodès integration has not bee seamless.

Threats

1. Heavy price competition – especially from German  discounters.

2. Not much scope for acquisitions.

3. Planning laws are restrictive.

4. Rivals joining forces.

5. Wal-Mart evaluating entry into  France.

Analysis By Country: Greece

Leader

Delhaize, Sklavenitis, Veropoulos

Weaknesses

1. Number one in the market.

2. Joint venture and joint branding  mean the stores have a “ local” appeal.

3. Active in hypers, supers and discount stores.

4. Franchise deals mean low cost and low risk.

Opportunities

1. Development of clothing supply  chain and ranges.

2. Still potential for many more stores.

3. Fairly relaxed competition laws  could enable sizeable acquisitions.

Analysis By Country: Italy

Carrefour’s status: Number 3

Main competitors(s): Coop Italia, Conad, Auchan

Strengths

1. Reasonable hypermarket and  supermarket presence.

2. Effectively ditched frozen food chain.

3. Own-brands and non-food ranges  compare well to larger domestic rivals.

Opportunities

1. Acquisitions.

2. Could introduce Dia in the longer term.

3. Convenience format is ripe for expansion.

4. Growth into underdeveloped South.

Analysis By Country: Poland

Number 5

Auchan, Jerónimo Martins, Casino

Weaknesses

1. Decent network hypermarkets and supermarkets.

2. Has been enjoying encouraging comparable sales growth.

Opportunities

1. Ambitious growth targets.

2. Discount stores could be launched.

3. Shift away from price-led to quality-led competition?

4. Introduction of own-brands.

Analysis By Country: Portuga

Number 3

Modelo Continente, Jerónimo Martins, Auchan

Weaknesses

1. Strong dual presence through hypers 1. Hypermarket openings have been

and discount stores. slower than hoped.

2. Discount stores have been 2. Strategy has occasional appeared

performing very well. fuzzy in Portugal.

3. Own brands selling well in food and 3. Conflict with Modelo Continente.

non-food.

Threats

Ongoing arguments with Modelo

Continente appear to be a counterproductive distraction.

Lidl wants to challenge in discounting.

Analysis By Country: Romania

Carrefour's status: Number 3

Main competitors(s): Rewe, Delhaize, Cora

Strengths

1. First mover status among West European hypermarket operators.

2. Has used a low-risk franchised route to market.

3. Comprehensive array of Romanian produce.

Opportunities

1. Could expand into other formats.

2. Further links with local suppliers.

Analysis By Country: Slovakia

Number 5

Tesco, Rewe, Prima Zdrodj

Weaknesses

1. The Carrefour hypermarket format is an impressive and popular one in Slovakia.

2. Decent private label offering.

Opportunities

1. Opening of more hypermarkets.

2. Diversification into discounting – lack of strong competition in this sub-sector of the market.

Analysis By Country: Spain

Carrefour’s status: Leader

Main competitors(s): Eroski, Mercadona, ECI

Strengths Weaknesses

Poor e-commerce performance.

Transformation from Continente to Carrefour lacked finesse and sensitivity towards Continente

shoppers.

Champion less impressive than Carrefour and Dia.

El Corte Inglés still leads the way in fresh food merchandising.

Threats

1. Aldi, Lidl and Tengelmann are chasing discount market share.

2. Spanish food retailers are not pushovers – the likes of Caprabo, Eroski and Mercadona are fighting back.

Analysis By Country: Switzerland

Number 5

Migros, Coop Schweiz, Bon appetit

Weaknesses

1. One of the country’s leading hypermarket operators.

2. Foreign pioneer in once protective and low competition market.

3. Formed strong JV with local partner – instant expertise.

4. Much wider product ranges than rivals.

2. New stores.

Could pick up some smaller operators.

Discount stores could be an option.

South America

Analysis By Country: Argentina

Carrefour’s status: Leader

Main competitors(s): Ahold, Coto, Cencosud

Strengths Weaknesses

1. Market leader.

2. Multi-format approach.

3. Discount formula has appealed in times of crisis.

4. Hypermarkets performing well in non-food ranges.

Opportunities

1. Geographic expansion.

2. Potential acquisitions (Eki in particular).

3. Increase private-label penetration.

Analysis By Country: Brazi

Carrefour’s status: Number 2

Main competitors(s): Casino, Sendas, Modelo Continente

Strengths Weaknesses

1. Hypermarket leader.

2. Successful launch of Dia.

3. High participation of own-label in turnover.

4. Impressive clothing sales.

Consolidation of leadership by Casino.

Wal-Mart gearing up for growth pus

Analysis By Country: Chile

Carrefour’s status: Number 5

Main competitors(s): D&S, Ahold, Cencosud

Strengths Weaknesses

1. Impressive hypermarket operation.

2. Strong player in non-foods.

3. Good mix of local and international products.

Opportunities

1. Supermarket openings/acquisitions.

2. Discount store debut?

3. More own-label ranges.

Analysis By Country: Colombia

Number 4

Casino, Carrulla Vivero, Olimpica

Weaknesses

1. Very price-competitive compared to rivals.

2. Relatively large stores with broad non-food lines.

3. Store openings are progressing well.

4. High proportion of locally sourced products.

1. Someone else takes over

Opportunities Carulla Vivero.

1. Organic supermarket and discount store growth.

2. Takeover of Carulla Vivero.

3. Expansion beyond Medellin and Bogota.

Analysis By Country: Dominican Republi

Carrefour’s status: N/a

Main competitors(s): N/a

Strengths

1. Lack of decent competition.

2. Excellent store location in modern shopping centre.

1. Economic stagnation.

2. Market exit?

Analysis By Country: Mexico

Carrefour’s status: Number 6

Main competitors(s): Wal-Mart, Comerci, Soriana

Strengths

1. Higher quality of retailing compare to rivals.

2. Large average store size enables wider ranges.

3. Good mix of local/national brands.

Opportunities

1. Acquisition of larger and/or smaller 1. All-conquering Wal-Mart is taking players. over the market.

2. Discount stores would be well 2. Smaller niche players such as received by Mexican shoppers. Gigante and H. E. Butt are catering for the higher end of the market.

Asia-Pacific

Analysis By Country: China

Carrefour’s status: Number 5

Main competitors(s): CRE, Dairy Farm, AS Watson, Shanghai Lianhua

Strengths Weaknesses

1. One of the first Western entrants. Regarded as most successful foreign operators.

2. Has been adaptable in face of changing government policies.

3. Format and product mix have been modified well to meet local demands.

Opportunities

1. Supermarket and discount store development.

2. A massive potential market.

3. Higher own-label penetration.

Analysis By Country: Indonesia

Number 3

Delhaize, Dairy Farm, Alfa Retailindo

Weaknesses

1. Leading hypermarket operator in the country.

2. Is able to mix local products with sought-after international brands.

3. Is able to appeal to more affluent local consumers.

Opportunities

1. Long term scope for discount chain.

2. There are several potential takeover targets in the supermarket sector.

Analysis By Country: Japan

Number 11

Aeon , Daiei, Uny

Weaknesses

Has failed to meet opening targets.

Has not effectively targeted

Japanese shoppers.

Lack of localised sourcing.

Threats

1. New store sites are hard to come by

2. Wal-Mart is taking control of Seiyu.

3. Difficult deflationary economy.

4. Market exit?

Analysis By Country: Malaysia

Number 4

Dairy Farm, Aeon, Store Corporation

Weaknesses

1. Non-food ranges. 1.

2. Innovative merchandising. 2.

Opportunities

1. Buying up or leasing existing properties.

2. Implementation of private label programme.

Analysis By Country: Singapore

Number 7

NTUC Fairprice, Dairy Farm, Delhaize

Weaknesses

1. Operations are now profitable.

2. Attractive hypermarket with typically high merchandising standards.

Opportunities

1. Opening of smaller stores.

2. Acquisitions of/partnerships with  local businesses.

Analysis By Country: South Korea

Carrefour’s status: Number 3

Main competitors(s): Nongshima, Shinsegae, Lotte

Strengths

1. Sophisticated hypermarket format  that compares well with indigenous stores.

2. Has achieved rapid expansion.

Opportunities

1. Continued store opening.

2. Discount-focused rivals suggest the possibility of an upmarket supermarket operation in larger cities – launch of Champion?

Analysis By Country: Taiwan

Carrefour’s status: Number 2

Main competitors(s): Ito-Yokado, Auchan, Casino

Strengths Weaknesses

1. Leading hypermarket business in 1. Has lost out on some potential sites

Taiwan. to Auchan.

2. Has tailored its offer well.

Threats

Opportunities 1.

1. Opening schedule looks both optimistic and achievable.

2. Could pick up some smaller operators.

3. Discount stores could be an option.

Analysis By Country: Thailand

Carrefour's status: Number 4

Main competitors(s): Tesco, Casino, Ito-Yokado

Strengths Weaknesses

1. Large stores, wide ranges and distinctive Carrefour panache.

2. Local goods have encouraged local appeal.

Opportunities

1. Geographic expansion.

2. Supermarket and discount store development in the face of

strong hypermarket competition.

Africa & Middle East

Analysis By Country: Egyp

N/a

Metro (Egypt), Ragab Sons, Alfa Market

Weaknesses

1. Could easily become market leader with a single store.

2. Egypt’s only true hypermarket operator.

3. Franchise deal is fast track to local knowledge.

Opportunities 2.

1. Egypt would be receptive to Dia and Champion.

2. Up to 15 hypermarkets could be trading.

3. Acquisitions/ joint ventures.

Analysis By Country: Oman

Number 1 (tbc)

Various

Weaknesses

1. Market leader in modern distribution.

2. Only hypermarket operator in the country.

3. Has local partner with local knowledge.

Opportunities

1. One or two more hypermarkets.

2. Launch of supermarkets.

Analysis By Country: Qata

Carrefour’s status: Leader

Main competitors(s): Various

Strengths

1. Only hypermarket operator in the country.

2. Has proven popular with locals and international shoppers alike.

3. Run by local franchise partner who knows market.

Opportunities

1. Development of additional products/services.

Analysis By Country: Tunisia

Carrefour’s status: Number 1

Main competitors(s): Casino, Touta, Magro

Strengths Weaknesses

1. Market leader.

2. Brave market entry supported by JV partner.

3. High quality store with sizeable customer base.

Opportunities

1. Broadening of store’s appeal through expanded product/ service ranges.

Analysis By Country: Turkey

Carrefour’s status: Number 3

Main competitors(s): Migros Türk, Bim, Tansas

Strengths

1. Rapidly developing three distinct formats.

2. JV partner can offer significant financial backing as well as market intelligence.

3. Can offer Western-style goods to appeal to younger Turkish shoppers.

Already strong competition in hypermarkets (Migros, Yimpas etc) and discount stores (Bim). Tesco looks set to offer more competition.

Analysis By Country: UA

Carrefour's status: Leader

Main competitors(s): Giant, Choitram, Shop N Save

Strengths Weaknesses

1. Clear market leader. 1. Store openings have slowed.

2. Impressive stores set in decent shopping centres.

Threats

Opportunities

1. High per capita spending should lead to decent profitability.

2. Despite country's wealth, discount stores could succeed.

Prospects and Strategy (1/2)

Carrefour is now focusing on its three core formats – hypermarkets, supermarkets and discount stores.

Dia discount stores in particular are now seen as a key driver for Carrefour future growth. Given the success of the Dia format with its high profitability levels, it is not surprising that Carrefour is placing more emphasis on the discount banner in order to grow internationally.

In more developed markets such as Europe, becoming a multi-format retailer is taking on more importance as legislation, particularly in Europe, plays against opening large hypermarkets.

In Europe, growth is going to come from the emerging markets of Eastern or Central Europe. Carrefour already has operations in Romania, Poland and the Czech and Slovak Republics to which other formats could be added in the future. Carrefour has also been rumoured to be considering entry into Bulgaria and/or Russia. However, as in the rest of Europe, competition within these markets is intensifying.

Future growth is therefore increasingly going to come from more developing markets, especially South America and Asia.

Prospects and Strategy (2/2)

Despite the economic downturn in the region, Carrefour is still committed t pursuing further expansion in South America. In fact, various opportunities are likely to present themselves in the acquisition of more vulnerable local players. It seems likely for example that the company will acquire the 200-strong Eki chain in Argentina.

Expansion into the Asian market is now top priority, as it is believed that this region offers the largest opportunities for growth. Carrefour is particularly bullish about its prospects in China, where it is soon planning t introduce its Dia discount store format.

Carrefour has proved itself especially adept at entering developing markets at an early stage. Carrefour's approach is usually to establish a chain of hypermarkets and develop a range of own brands, and then introduce its supermarket or discount store formats. This gives Carrefour first-mover advantage in many markets.

Carrefour has hypermarket-only operations in 22 countries. Therefore there is the opportunity in many of these markets to expand its operations to include supermarkets and discount stores.

Possibility of a major acquisition in a more developed market – there has been speculation regarding a possible return to the UK or USA.

SWOT Analysis (1/2)

Strengths Weaknesses

- World's second largest retailer.
- Most internationalised retailer.
- Dominant (top three) position in 17  out of 31 markets.
- World leader in hypermarkets.
- European leader in supermarkets.
- World's sixth largest discounter.
- Early mover into many emerging markets.
- Strong brand in many markets.
- Enviable own-label portfolio.

SWOT Analysis (2/2)

Opportunities Threats

• Organic expansion in existing markets.

• Acquisition of vulnerable local players.

• Entry into new markets, especially in Asia and South America.

• Possible entry into selected Eastern and Central European markets.

• Launch and expansion of supermarket and discount store operations in markets where it already has hypermarkets.

• Possible major acquisition in more mature market.