



**Gilles Petit:
mini-hyper**

Summary

- ▶ Why the mini-hyper concept?
- ▶ Commercial model
- ▶ Economic model
- ▶ Mini-hyper: description
- ▶ Store lay-out
- ▶ What is a mini-hyper?
- ▶ Mini-hyper key points
- ▶ First results and sales trends
- ▶ Expansion plans

Why the mini-hyper concept?

- ▶ **Goal:** to provide an offer as close as possible to the ‘**everything under one roof**’ model to less populated areas



Mini-hyper: Commercial model

- ▶ Key sectors
- ▶ Commercial policy
(promotional strategy, advertising)



Similar to classic
Carrefour hypermarket

- ▶ Pricing
- ▶ A wide, but not deep assortment:
- ▶ Own-brand contribution of 25% of sales

What is a mini-hyper

- ▶ A store which has a sales area between 2,500m² and 4,000m²
- ▶ Whose assets and in-store decoration are similar to a classic hyper
- ▶ Which employs on average 78 people (FTE)
- ▶ Located in areas:
 - Where population reaches at least 25,000 inhabitants in the close catchment area, and more than 60,000 inhabitants in the extended catchment area
 - In larger cities: where finding space for large stores is difficult and where there is no Carrefour hypermarket within 20mn

What is a mini-hyper?

- ▶ Change in the shopfloor lay-out (before/ after)

Before the transformation

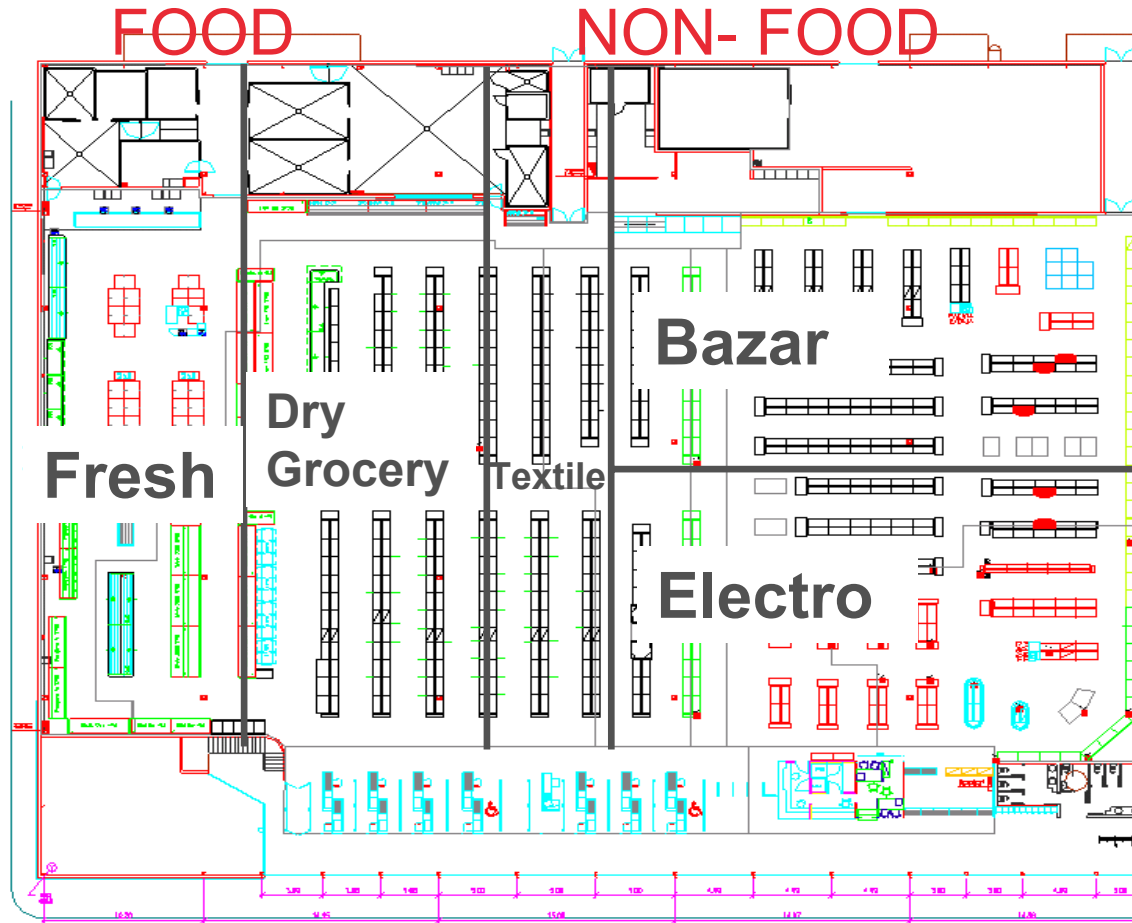


After the opening

Dry grocery + Fresh produce	General Merchandise Electro Textile	Dry grocery + Fresh produce	General Merchandise Electro Textile
75%	25%	60%	40%

Mini-hyper store lay-out

- ▶ Average lay-out for a store of 3,300m²



Mini-hyper key points

- ▶ An entrance similar to that of a classic Carrefour



Mini-hyper key points

- ▶ Committing to a powerful offer in **fresh produce**



Mini-hyper key points

- ▶ Providing the **shopping experience** of a classic hyper



Mini-hyper key points

- ▶ Emphasise the strong commitment **on prices**



Mini-hyper key points

- ▶ Have the same **promotions** as a classic hypermarket

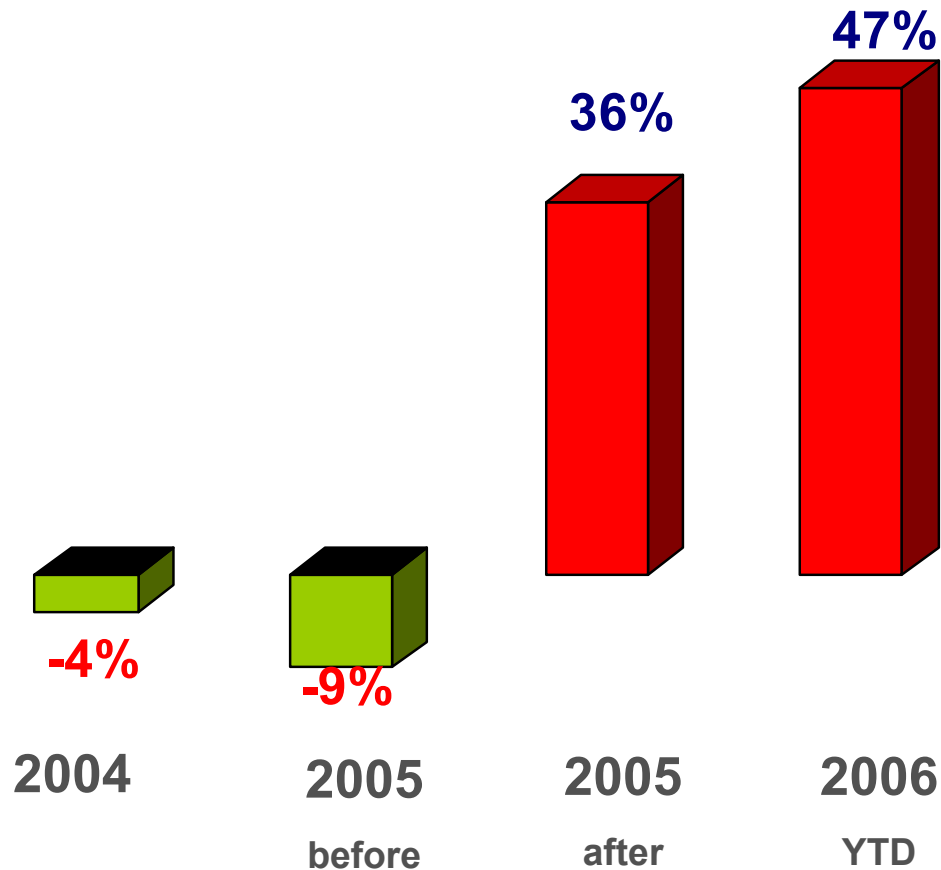


Mini-hyper: first results

- ▶ The 'economic equation' of the transformation:
 - Sales per store between €15m and €30m
 - **Increase in sales** of 40%
 - ▶ Customer **transactions** up 30%, average basket up 13%
 - Increase in the average **staff** per store: +30%
- Improved profitability thanks to:
 - ▶ A strong investment in prices more than compensated by the 'mass de marge' improvement
 - ▶ A reduction in the fixed costs ratio of -13%

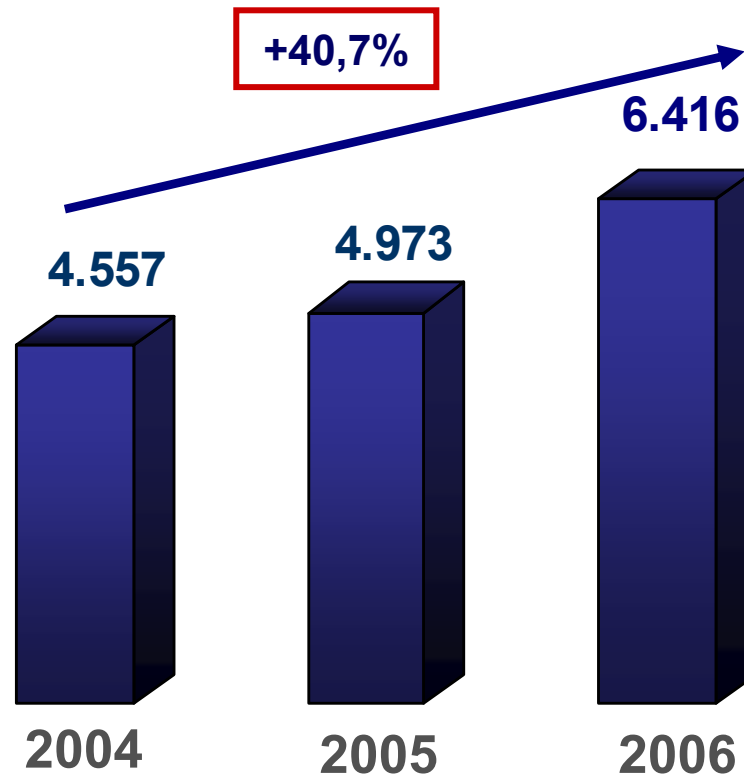
First results: sales trends

► Increase in **sales** (11 mini-hypers) 2004-2006



First results: sales/m² trends

- ▶ Increase in **sales/m²** (11 mini-hypers) 2004-2006



Mini-hyper: first results from customers

- ▶ A few customer reactions...
 - Store **lay-out**:
 - ‘...the area is the same as before, but with different products and a different decoration; I now enjoy my store much more, it is more modern...’
 - **Assortment**:
 - ‘...I can find everything I need in this store...’
 - ‘... and every brand...’
 - The Carrefour **brand**:
 - ‘...I like it, I trust the brand...’
 - ‘... the products are a big success at home...’
 - **Price**:
 - ‘... prices are the same in a hyper, but close to home...’

Mini-hyper: expansion plans

- ▶ We plan to have **18 mini-hypers** this year
 - 2006 expansion: transfers from Champion network
 - 2007-2008: organic expansion and possible tactical acquisitions

