

**RAMI BAITIEH**

# **TO BE THE BEST DIGITAL RETAIL COMPANY, WE HAVE TO PUT PEOPLE AT THE CENTER OF OUR ACTIVITIES**

Interviewed by Germain Terreaux and Sirko Siemssen



Rami Baitieh became Executive Director of Carrefour France in July 2020, but he's keen to emphasize that he's not the boss. That role is reserved for the customer – someone who was already starting to do things differently before the COVID-19 pandemic and has changed even more rapidly over the last two years.

While customers now appreciate more the role of supermarkets, they also face new pressures on their time and their spending power. To respond to their demands, Carrefour created a matrix called the 555: five commitments in each of three areas – trust, service, and experience. Baitieh talked about the food retail industry's challenges and his solutions with Germain Terreaux, Partner in Oliver Wyman's Retail Practice, and Sirko Siemssen Global Leader of the Practice.

## **What do consumers want now?**

They are saying, "I'm changing, and I want you to accompany me." We need to understand every category of customer, and we respond with a strategy on two levels.

The first is problem solving. The customer wants to buy a product, but it's not available. They want to buy fruits and vegetables, but the quality is not sufficient. Or they want to pay, but there is a long line. The 555 translates these demands into commitments by Carrefour. The products must be available. The fruit and vegetables are the best price and quality. Customers don't have to wait to check out. Then the whole company is organized to act on these priorities. They are written down and not up for discussion.



5 TRUST	5 SERVICE	5 SHOPPING EXPERIENCE
<p>01. THE PRICE IS ALWAYS GOOD, CLEAR, AND ACCURATE</p>	<p>01. COMPLAINTS ARE ALWAYS DEALT WITH AND RESOLVED</p>	<p>01. THE CUSTOMER IS THE MOST IMPORTANT PERSON IN OUR DAY: ALWAYS SAY 'YES' TO THEM</p>
<p>02. FRUIT AND VEGETABLES ARE ALWAYS FRESH AND TASTY</p>	<p>02. STAFF ARE ALWAYS IN THE STORE AND AVAILABLE TO SERVE CUSTOMERS</p>	<p>02. CUSTOMERS CAN GET ROUND THE STORE EASILY AND FIND THEIR PRODUCTS QUICKLY</p>
<p>03. THE CARREFOUR PRIVATE LABEL IS ALWAYS SHOWCASED, AS IT IS THE BEST IN THE MARKET</p>	<p>03. THERE IS NO WAITING TIME AT CHECKOUT COUNTERS OR AT THE INFORMATION DESK</p>	<p>03. FAMILIES OPT FOR CARREFOUR</p>
<p>04. PROMOTIONS ARE CLEAR AND THEY DON'T RUN OUT OF STOCK</p>	<p>04. THE STORE IS ALWAYS CLEAN AND PLEASANT</p>	<p>04. LOCAL AND ENVIRONMENTALLY FRIENDLY PRODUCTS ARE AVAILABLE AND HIGHLIGHTED</p>
<p>05. E-COMMERCE DELIVERIES AND PICKUPS ARE QUICK AND COMPLETE</p>	<p>05. CUSTOMERS CAN ALWAYS FIND THE PRODUCTS THEY NEED</p>	<p>05. THE CUSTOMER IS ACKNOWLEDGED AND THEIR LOYALTY REWARDED</p>



5 LA CONFIANCE	5 LE SERVICE	5 L'EXPERIENCE
<p>01. LE PRIX EST TOUJOURS CLAIR, EXACT ET BON</p>	<p>01. LES RÉCLAMATIONS SONT TOUJOURS RÉSOUES</p>	<p>01. LE CLIENT EST LA PERSONNE LA PLUS IMPORTANTE DE NOTRE JOURNÉE, LUI DIRE TOUJOURS OUI</p>
<p>02. LES FRUITS ET LÉGUMES SONT TOUJOURS FRAIS ET ONT BON GOÛT</p>	<p>02. L'ÉQUIPE EST TOUJOURS DANS LE MAGASIN ET AU SERVICE DU CLIENT</p>	<p>02. LE CLIENT CIRCULE FACILEMENT DANS LE MAGASIN ET TROUVE RAPIDEMENT SES PRODUITS</p>
<p>03. LA MARQUE PROPRE CARREFOUR EST MISE EN AVANT, ÉTANT LA MEILLEURE DU MARCHÉ</p>	<p>03. PAS D'ATTENTE EN CAISSE, NI À L'ACCUEIL</p>	<p>03. LES FAMILLES DONNENT LEUR PRÉFÉRENCE À CARREFOUR</p>
<p>04. LES PROMOTIONS SONT CLAIRES ET IL N'Y A PAS DE RUPTURE</p>	<p>04. LE MAGASIN EST TOUJOURS ENTRETENU ET AGRÉABLE</p>	<p>04. LES PRODUITS LOCAUX ET TRANSITION ALIMENTAIRE SONT DISPONIBLES ET MIS EN AVANT</p>
<p>05. LES LIVRAISONS/RETRAITS E-COMMERCE SONT COMPLETS ET LIVRÉS</p>	<p>05. LE CLIENT TROUVE TOUJOURS LES PRODUITS DONT IL A BESOIN</p>	<p>05. LE CLIENT EST RECONNU ET SA FIDÉLITÉ RÉCOMPENSÉE</p>

Source: Carrefour

The next stage is to respond to new behavior. We identified 16 categories of customers, or personas. Some only have a small budget. Others are concerned with social responsibility. There are seniors, couples with no kids, customers with pets, and people who do lots of sport. We address the needs of every category, and we do not offer them the same promotions, reductions, and organic ranges.

For example, we had been sending catalogues to all customers for 30 or 40 years. But now we have found that a store in Lille serves large numbers of students and train commuters, who don't need paper catalogues. So, we stopped sending them, and there has been no impact on that store's sales. In other stores, where we found the majority persona to be seniors, we continued sending the catalogues. These personas let us perform a kind of surgery on our propositions and our costs.

## **How do you see the future of retail, and notably the store in retail?**

In the future, Carrefour has got to be the best digital retail company, and we have accelerated this change. Why are we doing this now and not three years ago? Because customers now are using the spectrum of online and offline options. Many prefer to go digital for some products on some days – and in other cases, they go to stores. At Christmas, a customer might buy some toys online, but for others they want to take their kids to the store to see their reaction. Another customer likes to shop themselves but then wants their purchases delivered. They leave their trolley at the checkout, and we take care of it. Then there's a customer who doesn't have time to go round the store but wants to pick up the goods themselves. We prepare their online order, and they go to the drive thru. Other customers are totally online. Carrefour is creating this whole ecosystem so that they are all happy.

## **The food retail industry has had a challenging decade. COVID has been and remains a big stress test. What is your verdict?**

Consumers and governments have realized once again that retail – and food retail in particular – is indispensable. We stayed open, and our employees went to work, like nurses, doctors, and policemen. We were a first-necessity sector. But some companies adapted faster than others: We have seen bigger market share shifts in the last two years than the decade before – and there is still opportunity to outgrow the market.

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## **The whole sector is facing more volatility and cost inflation. How bad is it, and how long will it last?**

The retail sector is based on large volumes and slim margins. Our success is rooted in satisfying the customer, so that they come back and we continue to cater to their needs. Defending consumer prices and ensuring a reliable supply of essential goods is a key role. We have to play it, and we always will. So far, suppliers have requested price rises averaging 4%. But we didn't accept these levels of inflation – not even close.

There is a second aspect to the price rises. For the last 20 years, we haven't known serious inflation in Europe. By now everyone has lost the knowledge of how to manage it. Consumers are not used to it. Retailers are not used to it. Manufacturers are not used to it. We are taking this situation very seriously, as we need to find a way out of it.



## **How about challenges in the retail supply chain?**

Every link in the retail supply chain was optimized, and then countries went into lockdown and other measures to address the pandemic. Also, some companies just closed. Even if they were just a small link in the chain, each of those disruptions had the potential to stop the whole chain. We are still faced with this problem today. While there are a lot of entrepreneurs with ideas and energy, they need time to repair these things. I'm afraid we are going to have to deal with supply and transportation problems for a long period of time.

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## **As a leader, what's your biggest learning of the last two years?**

People – customers, employees, and suppliers – are at the core of our activities. As we want to be the best digital retail company, we have to put people at the center of everything we do.

## **And what keeps you up at night?**

We have to transform in three ways. The first is cultural transformation. The second is organizational transformation – to simplify, make the business faster and more agile, and reduce the number of layers between the base and the summit. And the third is IT transformation. What keeps me up at night is how to communicate our transformation – to people who work in warehouses, logistics and IT, and to cashiers and other store employees. How many times have we seen companies with beautiful strategies that didn't yield results?