

Retailer Policy Booklet for the Dutch Sustainable Trade Initiative.

**“The drive for sustainable food production, supply and consumption.
Retailers and their policies for sustainability.”**

Case study 3 - Private label development and consumer communication – Carrefour

The original global pioneer, Carrefour is the most international of retailers with 56% of its turnover outside its home market and banner sales in 2008 of 108 billion euros. The company is recognised as showing great flexibility to the particular local conditions in the thirty countries in which it operates. Carrefour is strong in many countries, in particular in France (20.8% market share 2009¹), Belgium (18.4%), Spain (14.8%), Brazil (8.1%), and Italy (6.1%). In 2009, 78% of their Group turnover is in grocery.

Their sustainability policies are driven by an international agenda and based on respect for the law and key reference documents from the UN, ILO and OECD. Their leadership in policy setting on human rights is shown by their commitment to international collaboration in the Global Social Compliance Initiative (facilitated by the Consumer Goods Forum), of which they were a founding member. In 2008 they joined Social Accountability International. They have a long-term and open relationship with the International Federation for Human Rights (FIDH) and with the Union Network International (UNI). On the environment, they have published commitments to reduce the emissions of their operations in logistics and stores. Carrefour is one of the founding members of the new ‘Retail Forum’, set up by the European Retail Round Table in partnership with the European Commission.

Their CEO, Lars Olofsson, describes their approach:

“The initiatives we have taken are very concrete and show tangible results. Internally, our teams have taken this approach to heart, viewing it as an opportunity to innovate and create value. Now it is time to step up our communications on the subject, because as a leading retailer we must set an example.”

Olofsson also stated that France is the first priority: ‘There will be no lasting success if our base is not strong. France is at the heart of Carrefour.’ Their private label range in France is the keystone of their brand promise with an extensive and sophisticated portfolio. The company has built trust with its customer base due to excellent brand awareness and direct control of its food range. They’ve been able to integrate this into their marketing work to communicate a positive message on both local sourcing and food miles. A recent advertising slogan was ‘In France, more than 80% of our food products are produced in France’. The development of their private label is central to their current commercial plan. For example, in 2009, under their ‘standard’ food brand ‘Carrefour national brand’, a 40% increase in range is underway and the end of year target will be 4,500 individual products.

¹ Planet Retail

Véronique Discours-Buhot is the Group Director for Sustainability and works closely with the private label teams in France:

“Here, in our home market, our supply chains are mostly very close to us. This is very helpful for all our communication. Within our private label range we have the “Carrefour AGIR” brand which covers a complete range of sustainable development issues. It includes sub-ranges in organic (‘Bio’), fair trade (‘Solidaire’) and environmentally friendly (‘Eco Planète’). We offer these products to our customers at a good price in line with our private label promise of affordable quality. Sustainability in production and consumption should not cost more.”

In 1997 Carrefour launched their ‘*Reflets de France*’ private label brand to showcase locally produced foods within a context of the national culinary heritage. A key aim was to co-operate with small and medium enterprises in a joint initiative. It is now one of the top 30 brands sold in France, with sales of more than 320 million euros and a range of over 300 products. One example from Brittany demonstrates the positive outcomes from effective marketing. The producers group “*Groupement de Sel de Guérande*” have turned their “*La Fleur de Sel de Guérande*” salt product, marketed under the ‘*Reflets de France*’ brand with the prized ‘*Label Rouge*’ certification, into the biggest selling French brand of sea salt.

Véronique says:

“Carrefour has a very important role to play by enabling customers to change the way they consume. We believe in sustainable development for all, for today and tomorrow. We support the development of regulations by the European Commission. This will help drive change by promoting green products and solutions and making them more affordable for consumers. I also think that good regulation can help address the way that some companies spend more time talking about the environment than actually doing something. . This will help companies that are really taking action and having a positive impact on sustainability.”

In conclusion, Véronique describes her communication challenges for the future: ‘I think that driving the change towards sustainable consumption will be a very important challenge for us.’

“We have a key role to play in helping our customers change the way they consume, both for their health and for climate change.”

Carrefour consumer communication policies for private label in summary

- ✓ *Use sub-brands to create a clear message on particular sustainability issues*
- ✓ *Sustainable products should be genuinely affordable*
- ✓ *Use themed events such as “World Environment Day” to showcase policy work in the stores and to consumers*
- ✓ *Share key messages with credible third parties from civil society*

Carrefour - Top 3 Policy tips

1. *International agreements, by governments and business, should be the starting point*
2. *Work with others to find solutions on non-competitive issues*
3. *Sometimes, to be innovative, you need to take a leap of faith*