

JUNE 28, 2010

Carrefour Puts Stores on Diet

French Retailer Cuts Food Choices in Effort to Make Hypermarkets More Appealing to Shoppers

By [CHRISTINA PASSARIELLO](#)

LONDON—French supermarket giant [Carrefour](#) SA has begun reducing the number of products it sells, in a bid to simplify shopping and ultimately boost sales.

Carrefour, the world's second-largest retailer by sales after U.S.-based [Wal-Mart Stores](#) Inc., is in the process of cutting the food selection in its French stores, said Chief Executive Lars Olofsson, who attended an industry forum in London last week for retailers and suppliers. Mr. Olofsson declined to quantify what percentage of products has been eliminated from shelves so far. In February, he pledged to cut 15% of the company's food products world-wide.

For now, Mr. Olofsson hasn't tinkered with Carrefour's nonfood categories, from television sets to clothing to cutlery, which have been a source of sales declines. Earlier this year, he said Carrefour could eliminate as much as 50% of the nonfood offerings because he believes the company can no longer compete in every category.

The reduction in the nonfood selection "is part of our redoing of our hypermarkets," Mr. Olofsson said, without providing further details. The Swedish executive is set to unveil a plan in September to reinvigorate Carrefour's 231 French hypermarkets—superstores that sell everything from baguettes to bicycles. The hypermarkets account for a quarter of Carrefour's sales.

In its newly renovated hypermarket in Chambourcy, outside Paris, Carrefour has honed its offerings in categories such as baby food. Alongside brands belonging to food giants [Nestlé](#) SA and [Danone](#) SA, a significant portion of the product selection on the shelf bears Carrefour's name, including organic items.

"We cover all the client's needs but we avoid having eight to 10 brands, which is an error we made before," said Guillaume Vicaire, head of Carrefour's French hypermarkets.

Executives at Carrefour and elsewhere say shoppers are overwhelmed by the vast choice in hypermarkets.

"Consumers want fewer and clearer and simpler assortments," said Gianni Ciserani, Western Europe president for [Procter & Gamble](#) Co., the U.S.-based company behind such brands as

Tide and Pampers. As part of its consumer research, P&G simulated cutting 20% of a segment of its home-care products, and consumers still said it wasn't enough.

Tailoring the product assortment is key to Mr. Olofsson's effort to turn around Carrefour's sales and regain lost market share. He has been stocking shelves with the Carrefour Discount private-label line to appeal to budget-conscious shoppers and try to establish Carrefour as a low-price leader. Since the start of the year, Carrefour has begun to claw back market share.

Last week, Mr. Olofsson was locked in negotiations with some of Carrefour's biggest suppliers at the industry forum. Mr. Olofsson earlier this year launched a program to work more closely with the company's 20-biggest suppliers, including P&G and drinks giant [Diageo PLC](#), which make up 45% of its sales. His push to reduce Carrefour's product selection could benefit some of those suppliers because he could cut smaller brands from the company's shelves, driving shoppers to the most-dominant labels.

However, Mr. Olofsson is giving priority to the Carrefour Discount line, which is replacing some brand-name items. Overall, he is expected to cut more items than he adds.

—*Mimosa Spencer contributed to this article.*

Write to Christina Passariello at christina.passariello@wsj.com