



SUCCESSFULLY ENTERING THE BELGIAN RETAIL MARKET

AN UNDERSTANDING OF PRICE MARGINS AND SUPPLY CHAIN MECHANICS

September 2010

Table of Contents

SUCCESSFULLY ENTERING THE BELGIAN RETAIL MARKET	1
<i>AN UNDERSTANDING OF PRICE MARGINS AND SUPPLY CHAIN MECHANICS</i>	1
1. Preface.....	5
2. Methodology	6
3. Value Chain Mechanics	7
3.1. Market/Consumer Research.....	7
3.2. Taxes and Duties.....	8
3.2.1. VAT	8
3.2.2. Environment tax, Packaging Duty and Environment Duty.....	9
3.2.3. Excise duties.....	10
3.3. Labels and packaging.....	12
3.3.1. General	12
3.3.2. Meat Specific	14
3.4. Logistics	14
3.5. Electronic Data Exchanges	16
3.6. Accreditations and Certifications	17
3.6.1. Hazard Analysis Critical Control Points (HACCP) Erreur ! Signet non défini.	
3.6.2. British Retail Consortium (BRC)..... Erreur ! Signet non défini.	
3.6.3. International Featured Standards (IFS)..... Erreur ! Signet non défini.	
3.6.3.1. IFS General	Erreur ! Signet non défini.
3.6.3.2. IFS Food.....	Erreur ! Signet non défini.
3.6.4. Marine Stewardship Council (MSC)	Erreur ! Signet non défini.
3.6.5. Quality and Environmental Labels	18
3.6.5.1. Quality Labels.....	18

3.6.5.2. Environmental Labels	19
4. The Belgian Retail Scene.....	21
4.1. Introduction.....	21
4.1.1. Self-Service stores.....	23
4.1.2. Turnover per POS.....	25
4.1.3. Private Label	26
4.1.4. Delhaize.....	32
4.1.4.1. Delhaize Pricing & Product Policy	34
4.1.4.2. Delhaize Communications & Promotions	36
4.1.4.3. Delhaize Buying Procedure	38
4.1.4.4. Delhaize Logistics	39
4.1.5. Colruyt	39
4.1.5.1. Colruyt Pricing & Product Policy	41
4.1.5.2. Colruyt Communications & Promotions	43
4.1.5.3. Colruyt Buying Procedure.....	44
4.1.5.4. Colruyt Logistics	44
4.1.6. Carrefour.....	44
4.1.6.1. Carrefour Pricing and Product Policy.....	46
4.1.6.2. Carrefour Communications & Promotions	47
4.1.6.3. Carrefour Buying Procedure.....	47
4.1.6.4. Carrefour Logistics	48
4.1.7. Aldi.....	49
4.1.7.1. Aldi Pricing & Product Policy, Promotions & Communications	49
4.1.7.2. Aldi Buying Procedure & Logistics.....	49
4.1.8. Lidl	51
4.1.8.1. Lidl Pricing & Product Policy, Promotions & Communications.....	51
4.1.8.2. Lidl Buying Procedure and Logistics	51

4.1.9.	Louis Delhaize Group	52
4.1.10.	Mestdagh.....	53
4.1.11.	Makro.....	55
4.1.12.	Intermarché	57
5.	Additional Sources of Information and References	61
5.1.	Research	61
5.2.	Taxes and Duties.....	61
5.3.	Labels and Packaging	62
5.4.	Logistics	62
5.5.	Electronic Data Exchanges	62
5.6.	Retailers	63
Appendix A: The Consumer Goods Forum Top of Mind Survey January 2010		65
Appendix B: Definition of the Nielsen Food Sector		66
Appendix C: Definition of store types.....		67
Appendix D Delhaize Fost Plus Fiche		68

1. Preface

Each market has its own specifics and characteristics and Belgium is not different in this. Fortunately, there is a certain harmonization taking place on demands and requirements, both within the European Union and amongst international retailers. Still, differences between markets exist and can complicate trading internationally.

In many aspects, Belgium is an easy market to enter. Short geographical distances, transparency in trading, very well organized logistics and a concentrated retail scene are in favour of Belgium in comparison to its neighbouring countries.

This report enables the (soon to be) exporter to familiarize himself with all the specific demands and requirements that apply to trading with Belgian retailers. You just get one go at a retailer, so the first pitch for business should be successful in all aspects. This report clearly explains all these aspects, from bottom to top and enables the exporter to successfully make this first pitch.

Green Seed Belgium

From a small seed
a mighty trunk may grow.

Aeschylus

2. Methodology

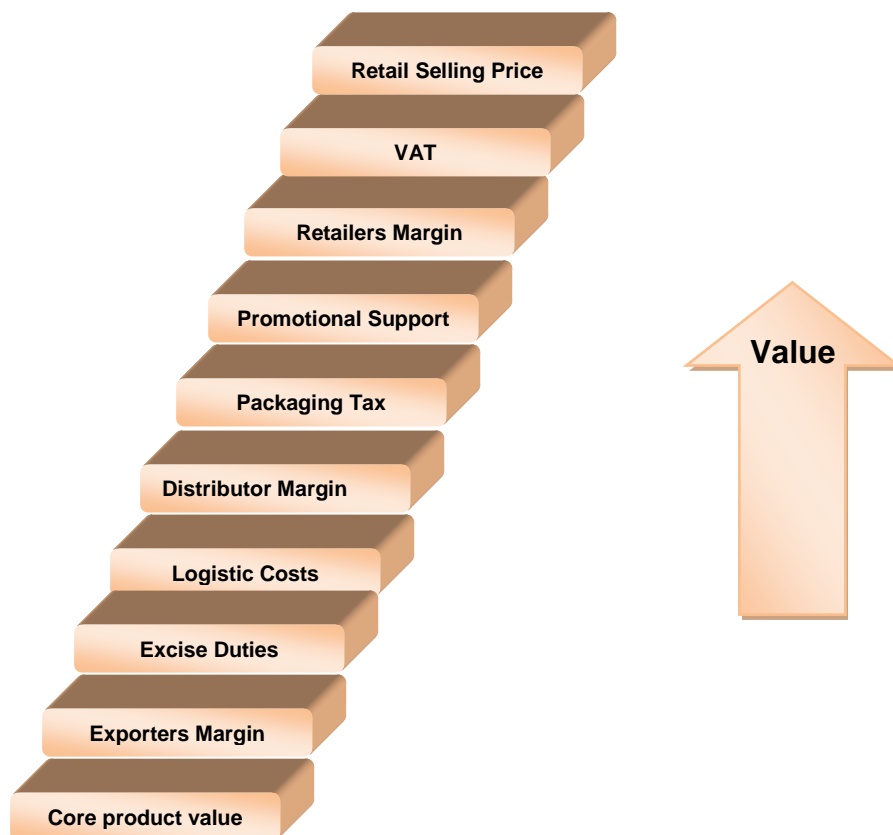
For the purpose of this report, the *value chain* is followed from the manufacturer towards the end-user. All requirements of each layer are described, enabling the exporter to examine the requirements to successfully enter the Dutch market.

The input for this report originates from the expertise and experience Green Seed Belgium have in assisting food and drink manufacturers in establishing listings in Supermarket retail.

Input is provided by the retailers themselves, through manuals, documents or other publications they provide to (potential) suppliers.

External resources are utilized in the case of specific information concerning tax regulations, packaging requirements and legal aspects. In the case of very complex detail, a referral is made towards the source of information, enabling the reader to gain further knowledge.

The value build-up;



3. Value Chain Mechanics

In this chapter, all value chain layers are explained and cost indications are stated. Some of the mechanics are specific to the Belgian market, others will be recognized as familiar as they will apply for the European Union in general or are initiated by international retail trade organizations.

3.1. *Market/Consumer Research*

In preparation for a new product launch on the (Belgian) market, it is recommended to have a good view of the current offering, the competition and the consumer expectations, as this can differ highly from the domestic market. Most of this can be obtained by desk research and store checks in the field carried out locally.

In extension market data can be purchased. The most widespread, and acknowledged by the trade, is Nielsen data. An important remark here is that Belgian retailers do not expect the supplier to purchase and process this data when preparing a launch. Although it can be beneficial as it gives the supplier more credentials, it is more viewed as an extra source of information. These kinds of market data should be preferentially used in the preparation stage, to assess the potential of the market, rather than as a tool to convince retailers.

Make no mistake, the Belgian retailers do expect their foreign suppliers to have the same level of general market knowledge & specific retailer knowledge as their local suppliers.

Next to quantitative research, more or less the same remark can be made for qualitative research. Again, unlike e.g. the Dutch market, in most of the cases this is not required nor expected by the Belgian retailers. Should the supplier make the decision to invest in qualitative consumer or market research, it is important to take into account the specific demographics for Belgium. Without going into too much details, Belgium can be more or less divided into two parts: Flanders in the north and Wallonia in the south. The Flemish (Dutch speaking) part of Belgium has a more Germanic culture, whereas Wallonia (French speaking) is closer to the Latin culture. Next to the two main parts of Belgium, the Brussels capital is located in the middle, which has a more metropolitan culture, like other large cities. With the difference in cultures, there is also a difference in consumer habits and expectations. Therefore it is important that, when investing in qualitative research, all parties (Flanders, Wallonia & Brussels) are incorporated in the study.

3.2. *Taxes and Duties*

This part deals with the different taxes and duties imposed on (consumer) products in Belgium. Please note that in each different paragraph the most relevant information will be discussed. More in-depth information can be found on different websites such as

- <http://fiscus.fgov.be/interfdan/> : Belgian administration of customs and excises
- <http://www.minfin.fgov.be/portail2/en/index.htm>: Belgian Public Service of Finance
- http://www.docufin.fgov.be/intersalgnl/thema/publicaties/memento/pdf/FM2009_V01_volledig.pdf: overview of different taxes and duties in Belgium

For more detailed information and specific questions, it is advised to contact the Belgian tax department or a tax specialist.

3.2.1. VAT

In Belgium all retail products are subject to Value Added Tax¹. In principle two tariffs apply:

- 21%: standard tariff for all non-food products, including tobacco products.
- 6%: lowered tariff for all food and drink products. For some products (e.g. alcoholic drinks) exceptions are made and the standard tariff applies.

The VAT is a consumer tax, so only the end consumer will actually have to pay VAT. EU suppliers exporting to Belgium will not have to state VAT on their invoices.

Retailers calculate VAT in their profit margin, so suppliers need to take this into account when calculating the price setting for their products.

The typical Retailer margin is calculated as follows:

- $\text{Margin\%} = (\text{RSP excl.VAT} - \text{BP}) / \text{RSP excl. VAT}$
- With:
 - RSP = Retail Selling Price
 - BP = Buying Price (the price the supplier charges his client)

From this initial formula for the retail margin, the following other formulas can be deducted:

¹ In Dutch: Belasting over Toegevoegde Waarde (BTW)

- $RSP \text{ excl. VAT} = BP / (1 - \text{Margin}\%)$
- $BP = RSP \text{ excl. VAT} * (1 - \text{Margin} \%)$

A simple example will make it more clear: let's say a bag of potato crisps is sold at by supplier A to retailer B for €1.5 and retailer B needs 35% retail margin. Taking into account the VAT tariff of 6%, retailer B will have to put his RSP at €2.45:

- $0.35 = (RSP \text{ excl. VAT} - €1.5) / RSP \text{ excl. VAT}$
 $\rightarrow RSP \text{ excl. VAT} = BP / (1 - \text{Margin}\%) = €1.5 / (1 - 0.35) = €2.31$
 $\rightarrow RSP \text{ incl. VAT} = €2.31 + 6\% = €2.31 * 1.06 = €2.45$

3.2.2. Environment Tax, Packaging Duty and Environment Duty

Environment taxes are taxes equated with excise duties that are imposed on certain products because of the damage these products are supposed to cause to the environment. Products in principle subject to environment taxes are:

- Disposable camera's
- Batteries
- Packaging of a number of professional industrial products (inks, glues and solvents)

Packaging Duty is a levy imposed on the packaging **of beverages**. The regulation that specifies on which type of beverages and which type of packaging the Duty is imposed is too detailed to fully address in this report. More information can be found on the two websites previously mentioned.

Environment Duty is a tax equated with excise duty specifically imposed to reduce the emission of CO₂ produced during the manufacturing of certain products (e.g. disposable plastic bags, disposable plastic cutlery, thin foil).

Next to these imposed taxes and duties, a private organization, called Fost Plus, was founded to promote, coordinate and finance the selective collection, sorting and recycling of the domestic packaging waste in Belgium. Their activities are:



- Promotion: Fost Plus organizes campaigns aimed at the public to raise the consumer awareness around the waste problems. They also help companies manage packaging prevention programs.

- Coordination: Fost Plus is acknowledged by the Belgian authorities. They stimulate the cooperation between the different parties involved in waste problems and as such helps to reach the legally required quota of recycling and useful applications.
- Financing: Companies commercializing packed products pay a contribution to Fost Plus. Fost Plus arrange for these funds to be effectively used for the collection, sorting and recycling of the domestic packaging waste.

This means also foreign companies selling their products on the Belgian market will have to pay these contributions. In the case of Private Label products or Co-Branding, it is the concerned retailer who pays the contribution. These contributions are calculated based on the type of the packaging (Primary, Secondary & Tertiary), the material used and the weight. All this information on the different packaging materials need to be outlined in a document. An example of such document, together with an explanation and example, used by Delhaize is given in Appendix D.

3.2.3. Excise duties

Excises duties are indirect taxes on the use and consumption of certain well-defined products, both made in the home country as originating from the member states of the European Union or imported from third countries. A distinction is made between

- Excise products harmonized at Community level charged with
 - a regular excise duty in Belgium & Luxembourg
 - and a special excise duty
 - for which the revenue is exclusively for Belgium
 - These Community excise products are alcohol and alcoholic beverages², energy products & electricity and manufactured tobacco.
- National excise products, not harmonized at Community level and charged with a regular excise duty for which the revenue is exclusively for Belgium. These national excise products are non-alcoholic beverages (soft drinks) and coffee.

Energy products, ethylalcohol, alcoholic beverages and tobacco products are subject of excise duties at the time of production (anywhere in the EU) or at the time of import (from non EU countries).

² Alcoholic Beverages are Beer, wine, other yeasted beverages besides beer and wine, intermediate products and ethylalcohol.

The tax is paid by the manufacturers and importers. The tax is then passed on to the consumer.

Some rates are detailed below as examples:

Beer

Minimum excise duty in EU is 0.748 EUR per hl/degree Plato of finished product (Article 6 of Directive 92/84EEC). In Belgium is 1.71 EUR per hl/degree Plato of finished product. In Belgium are the reduced rates (production limited to 200 000 hl):

- ≤ 12 500 hl, the tax rate is 1,4873 EUR per hl/degree Plato
- ≤ 25 000 hl, the tax rate is 1,5369 EUR per hl/degree Plato
- ≤ 50 000 hl, the tax rate is 1,5865 EUR per hl/degree Plato
- ≤ 75 000 hl, the tax rate is 1,6361 EUR per hl/degree Plato
- ≤ 200 000 hl, the tax rate is 1,6857 EUR per hl/degree Plato
- The rate by EU law may not be set more than 50 below the standard national rate.

Intermediate products

Minimum excise duty in EU is 45 EUR per hectoliter of product (Article 17 of Directive 92/83EEC). In Belgium is 46.01 EUR.

Ethyl alcohol

Minimum excise duty in EU is 550 EUR or 1000 EUR per hectoliter of pure alcohol (Article 20 of Directive 92/83EEC). In Belgium is the rate 562.43 EUR per hectoliter of pure alcohol. Reduced rate for small distilleries is 281.22 EUR.

3.2.4. Bonded Warehouses

A customs warehouse (or bonded warehouse) is a facility where imported goods can be stored without being subject to import duties, VAT or other import taxes, or to non-tariff trade policy measures. There are private bonded warehouses operated by companies for their own purposes and located around the country. Public bonded warehouses are operated by customs, public bodies or storage companies, mostly situated in transport zones and at airports and ports (Brussels International Airport and port of Antwerp) , and are available to businesses with storage needs.

Bonded warehouses allow importers to postpone the payment of import duties and import VAT until the final destination of the goods is known. In addition, the licence holder can carry out certain customs-approved 'usual forms of handling' to provide added value, such as re-packaging, conservation, testing and marking.

Goods can remain in bonded warehouses for a maximum of one year.

Under the bonded warehouse rules, import declarations can also be made on a weekly or monthly basis and certain types of goods can be supplied from the warehouse without customs intervention. The usual stock administration (which may be translated into a warehouse management system) generally requires only minor adjustments for onward reporting to customs.

Where a firm has various bonded warehouses in different Member States of the EU, one single European authorisation can be applied for (i.e. one authorisation for all the various warehouse locations). Belgian customs actively promotes these single authorisations for bonded warehousing, by which all imported goods are customs-cleared upon discharge from the suspensive customs arrangement (the bond) at one central point. Payment of tax is handled in Belgium and there is optimal flexibility for movements of the goods between the different bond locations covered by the licence.

3.3. *Labels and packaging*

3.3.1. General

There is extensive legislation regarding packaging and labeling for food products in Belgium. This legislation consists of both national and European regulations. All this is monitored by the Belgian Federal Agency for the Safety of Food Chain (FASFC), a federal executive agency with authority over the whole Belgian territory. The following will only contain general information and statements. For more specific information and regulations, please check the FASFC website <http://www.favv.be/home-en/>.

Labels designed for retailer's private brands, are designed by the retailer's themselves. Here all the necessary information will be requested from the supplier beforehand. The supplier himself will be responsible for the printing and stock holding. The retailer has a responsibility regarding the quantity of the labels in stock. This means, they cannot for example decide to delist a product straight away and leave the supplier with a considerable amount of labels, without first using these labels or reimbursing the supplier for the investment made. A general agreement is that an agreed minimum stock of labels is agreed and, when necessary, a request for authorization to reprint is made by the supplier.

General information required on food product labels is:

- Ingredient declaration
- Total net weight

- Use by date and/or packing date
- Guidelines on storage and usages
- Information on manufacturer, co-packer and/or retailer
- Alcohol percentage (if applicable)
- Gas flushed (if applicable)
- Allergen statement
- Nutritional values
- EAN 13 Code

An example is given in Picture 1. Please note that this is only part of a food label. Missing items are weight declaration, use by date, manufacturer information and EAN code.

36 beschuiten Zonder toegevoegd zout en rijk aan vezels.	Gemiddelde voedingswaarde Valeur nutritive moyenne Mittlerer Nährwert	Per 100 g Par 100 g Pro 100 g
Ingrediënten • Tarwebloem, tarwekiem, tarwegluten, gist, moutmeel.	Energie • Brennwert kcal Eiwitten • Protéines • Eiweiß Koolhydraten • Glucides • Kohlenhydrate	357 1512 15,0 g 68,5 g
Bevat: gluten. Gemaakt in een bedrijf waar ook hazelnoten, melk, eieren en soja worden verwerkt.	- waarvan suikers • dont sucres • davon Zucker Vetstoffen • Lipides • Fett - waarvan verzadigde vetzuren • dont acides gras saturés • davon gesättigte Fettsäuren	5,0 g 2,5 g 0,6 g
Voor warmte en vocht vrijwaren.	Voedingsvezels • Fibres alimentaires • Ballaststoffe Natrium • Sodium • Natrium Zout • Sel • Kochsalz	8,0 g 0,02 g 0,05 g

Picture 1 : Example of a food product label

Nowadays retailers are more and more demanding to also state the Recommended Daily Intake of the different nutrients (e.g. Fat, Saturated Fat, Salt, Proteins, Carbohydrates, Fibres, Total Calories).

Another important remark for Belgian labels is the **languages required**. In principle all labels have to be bilingual Dutch and French. For some PL products also German is required. Although this can be extra work for the supplier, it means that packaging in the three national languages can be used in other countries across Europe (e.g. France, The Netherlands, Luxemburg, Germany, Austria, Switzerland).

The actual design of the packaging is also quite an important issue to decide on. As around 75% of the buying decisions in Belgium is made in store, your packaging needs to stand out on the shelf. Retailers tend to request shelf ready packaging. This saves on both handling costs as recycling contributions. A third remark on the packaging is the fact that it also suits the smaller, convenience store formats. As these stores are a very large part of the retail landscape in Belgium, and the largest growth for retailers, having a packaging that is not suited for these types of stores can be a serious threat to the potential turnover.

3.3.2. Meat Specific

In Belgium there are certain specific labeling requirements for meat products. Each individual pack must carry a label containing at least the following information in order for the products to be sold legally in Belgium:

- Country of origin
- Country of slaughter
- Country where cut & packed
- Date of slaughtering
- Date of packing
- Use by date
- Lot / Batch number (traceability)
- Stamp (EU oval) of abattoir.

3.4. *Logistics*

Belgium has a high quality road network, which is one of the densest in Europe. This network is a large advantage in organizing transport to Belgium. This chapter will provide you with some general information and requirements for supplying the Belgian market. More in-depth information is given in the chapter dealing with the different retailers.

Most retailers in Belgium operate from one central depot from which the stores are supplied, making the deliveries quite straightforward. Each retailer has specific requirements for their deliveries (e.g. maximum pallet height & weight, delivery timings, required documents, type of pallets & crates, ...). As these requirements can be quite detailed and complicated, these will not be handled in detail. For each Belgian retailer documents with their specific logistical requirements are available on request.

With the exception of Delhaize, that organizes their own transport for certain specialty products (depending on type and origin), all retailers in Belgium require that the suppliers arrange their own transport.

For chilled products it is not uncommon to have six deliveries per week for the major retailers. For the secondary retailers, two to three deliveries per week will be sufficient. In general next day delivery or D+2 delivery is agreed. This, of course, depends highly on the shelf life of the products.

In that context, more and more suppliers have to opt for a logistics platform concept i.e. in order to supply large retailers on a daily basis, stock holding and stock

management from a Belgian hub have become the most suited option. The supplier remains in full control of his stocks and manages the daily deliveries from the hub using the services of the logistics provider. Supplying and invoicing remain the full responsibility of the manufacturer.

Frozen and ambient deliveries are usually a bit more flexible and depends on the rotation of the product. The retailer's stock holding is more and more limited and quantities ordered will almost always reflect the exact cumulated quantities ordered by the stores.

Certain Belgian retailers (e.g. Delhaize and Carrefour) outsource their frozen logistics to the logistics company Christian Salvesen, owned by Norbert Dentressangle. They operate a central depot near Brussels, from where the different retailer depot's are supplied, meaning one delivery is sufficient.



As far as pallets and crates are concerned, the standard in Belgium are wooden or synthetic EURO pallets. Although an extra cost is involved, pool pallets are in many cases preferred. For chilled products, most retailers work with returnable Euro Pool System (EPS) crates (see Picture 2 for examples). Exceptions are Delhaize, that require deliveries into their own custom Delhaize crates and the smaller secondary retailers who, in limited cases, allow delivery into plain cardboard boxes. More information regarding the crates can be found on <http://www.europoolsystem.com/index1.asp?taalid=3>.



Picture 2 : EPS Crates

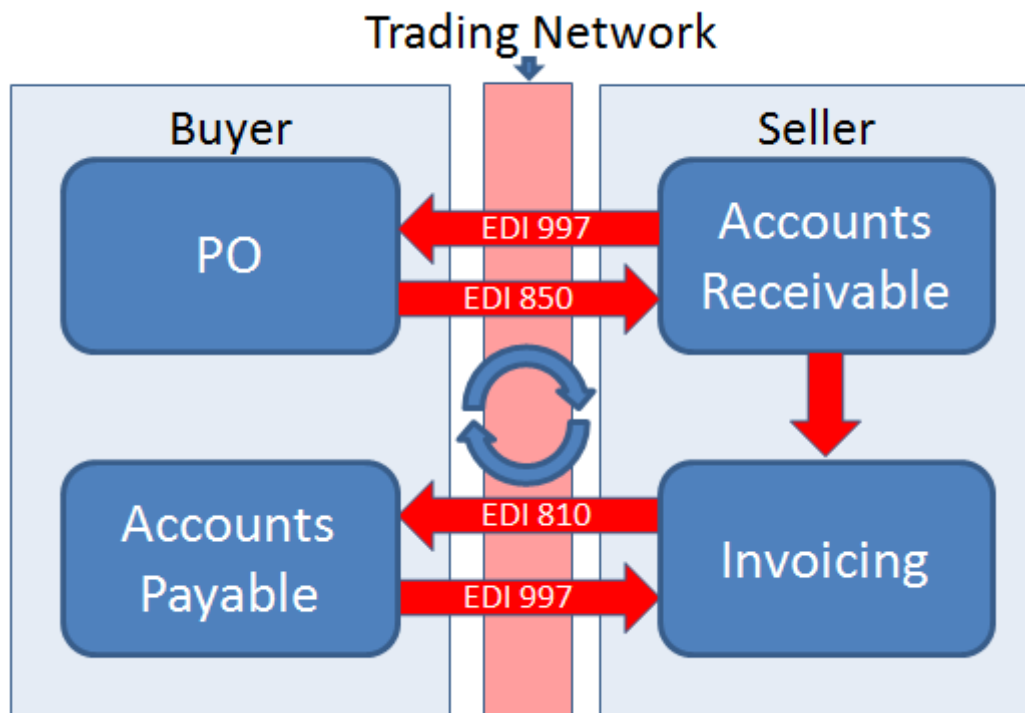
3.5. *Electronic Data Exchanges*

The majority of the ordering in Belgium is still done through fax and/or email.

Currently Delhaize is the only Belgian retailer with fully automated systems in place, although not for all product categories. For the moment only suppliers of chilled products are required to set up an Electronic Data Interchange (EDI) connection with Delhaize. Through this connection information is automatically exchanged between the two partners and the following activities are supported:

- Ordering & Delivering
- Invoicing & Payments
- Stock management: Continuous Replenishment Program (CRP)

A visual example of an EDI information flow is given in Picture 3.



Picture 3 : EDI information flow

In order to set up the EDI connections, Delhaize works with two preferred providers: EDIPAX and EDICOM. Although, for suppliers having little experience with this technology, these are good solutions, suppliers already well-experienced can work with their existing EDI provider or choose one themselves.

Although Belgium is behind in this area compared with more developed markets like the UK and The Netherlands, it can be expected that this kind of technology will only get more and more imbedded in the working procedures of the retailers and suppliers interested in exporting to the Belgian market are advised to take this into account.

3.6. ***Accreditations and Certifications***

Similar to retailers in other countries, the Belgian retailers require specific accreditations and certificates from their food suppliers. The most common required standards and accreditations are the following:

- Hazard Analysis Critical Control Points (HACCP)
- British Retail Consortium (BRC)
- International Organization for Standardization (ISO)
- International Featured Standard (IFS)
- Marine Stewardship Council (MSC)

Next to these retail standards other (quality) labels will be presented and discussed.

3.6.1. Quality and Environmental Labels

This chapter deals with labels more specifically targeted at informing or educating the consumer, rather than credential building towards the retailer as the above.

3.6.1.1. Quality Labels

Quality labels on food products indicate that the product complies with certain qualitative demands. Some labels refer to a specific geographical origin or a traditional specialty. There are three labels on European level for products with a protected appellation of their origin. Only products complying with certain requirements can receive such label. The three European quality labels are (see Picture 4):



Picture 4 : European Quality Labels

- **Protected Designation of Origin (PDO):** The Protected designation of origin is the name of an area, a specific place or, in exceptional cases, the name of a country, used as a designation for an agricultural product or a foodstuff;
 - which comes from such an area, place or country,
 - whose quality or properties are significantly or exclusively determined by the geographical environment, including natural and human factors,
 - whose production, processing and preparation takes place within the determined geographical area.

In other words, to receive the PDO status, the entire product must be traditionally and entirely manufactured (prepared, processed and produced) within the specific region and thus acquire unique properties.

- **Protected Geographical Indication (PGI):** The Protected geographical indication is the name of an area, a specific place or, in exceptional cases, the name of a country, used as a description of an agricultural product or a foodstuff;
 - which comes from such an area, place or country,
 - which has a specific quality, goodwill or other characteristic property, attributable to its geographical origin,
 - whose production, processing or preparation takes place within the determined geographical area.

In other words, to receive the PGI status, the entire product must be traditionally and at least partially manufactured (prepared, processed or produced) within the specific region and thus acquire unique properties.

- **Traditional Speciality Guaranteed (TSG):** The Traditional speciality guaranteed is a trademark for an agricultural product or a foodstuff, which has a certain feature or a set of features, setting it clearly apart from other similar products or foodstuffs belonging to the same category. The product or foodstuff must be manufactured using traditional ingredients or must be characteristic for its traditional composition, production process, or processing reflecting a traditional type of manufacturing or processing.

In other words, to receive a TSG status, the product does not have to be manufactured in a specific geographically delimited area; it is sufficient that it be traditional and different from other similar products

Next to these three European labels there are also several Belgian quality labels. For fruit and vegetables for example there are: Flandria and FRUITNET. In the dairy sector there is the AA label. For meat we have Meritus, Certus, Pastorale, BCV, Blanc Bleu de Quality Supérieure, Label de Qualité Wallon, Meesterlyck and Duke of Flanders. A detailed description of these Belgian quality labels can be found on the website <http://www.qualityfoods.be>.

3.6.1.2. Environmental Labels

Next to the quality labels, there is also a long list of environmental labels. The use of the term “organic” for example, is regulated at European level. Only the products complying with this regulation can carry the organic logo. Several countries used to have their own organic accreditation logo, until in 2010, a European logo was launched (see Picture 5) by the European Union.



Picture 5 : European Organic Logo




Also ecological labels exist. These relate to the packaging and/or the production methods that are environmentally friendly. Some examples of national and European environmental labels are:



Picture 6 : Environmental labels

The conditions under which these logo's are granted can differ. For certain labels the entire product life cycle is taken into account, and for others only certain aspects are looked at.

Next to the previous labels, other logo's are commonly used on packaging. In the table below, the meaning of some of the widespread logo's is clarified.

	<p>The Green Dot logo indicates that the manufacturer of the product contributes to the collection and sorting of waste.</p>
	<p>These logos indicate that the consumer can bring back the empty packaging to the store so they can be reused. The price of the packaging, paid when purchasing the product, will be reimbursed.</p>
	<p>This logo indicates that the packaging material used is recyclable. The number in the center indicates which type of plastic was used.</p>




	This logo indicates that the packaging is free from Ecotax, as the regulations for deposit money applies.
	This logo indicates to the consumer the empty packaging belongs in a trashcan and not in nature or on public roads. In Belgium this does not have a special statute.
	The recycle symbol indicates the packaging consists of recycled material or is recyclable.

Table 1 : Commonly used environmental logo's

4. The Belgian Retail Scene

4.1. Introduction

Although Belgium has not been spared by this recession, the situation was not as dramatic as this e.g. the Belgian Gross Domestic Product decreased by only 3.1% in 2009. Nevertheless, an impact on the Belgian economy and way of doing business has been noticed. Specifically in the FMCG market, the following elements are important³ (for detailed information, please see Appendix A):

- **The economy and the consumer demand** are this year as well as in 2009 the most important points of interest for distributors and suppliers. In comparison, Corporate Social Responsibility was number one in 2007.
- **Corporate Social Responsibility** has gained in importance compared to last year. Even in difficult economic times, it is important to inform consumers about healthy food, organic products, environment, ...

³ Source: "The Consumer Goods Forum Top of Mind Survey, January 2010".

- The **Competitive Landscape** is also ranked higher in 2010 than in 2009. In the current economic context, it is important for both distributors and suppliers to differentiate themselves from their competitors. Examples are price reductions for certain product categories (e.g. bread), more attention to PL products, increasing customer retention & consumer loyalty through large scale savings actions and new loyalty cards.
- **Food and Product Safety** has dropped from second place to fourth. This becomes a hot topic in case of a specific problem. In order to guarantee the safety and traceability of food products, local and international cooperation initiatives between suppliers and distributors have been put in place. The “Global Food Safety Initiative” improves the safety standards on a worldwide scale. In Belgium this is controlled by the Federal Agency for Food Safety (FAVV – Federaal Agentschap voor de Veiligheid van de Voedselketen – www.favv.be), a body established in 2000.

Although the total private consumption⁴ decreased in 2009 for the first time in many years (-1.8%), the turnover of the retail food sector⁵ increased by 3.2% to €22.4 billion. This resulted in an increase in the food universe share within the total private consumption of 0.6 percentage points to 12.7%, which is not surprising given the economic context. Families lowered their expenditures and saved more. They have, however, saved relatively less on (necessary) food supplies.

The total food turnover of €22.4 billion was realized by 7,820 stores, a decrease of 101 outlets compared to 2008. Between 2005 and 2009 the amount of stores decreased by 127 each year. When looking at the shares of each store type⁶, the main conclusion is that F1 and F2 have increased their share at the expense of Hard Discount and F3.

⁴ Defined as the total expenditures of families & non-profit organizations

⁵ Defined as the Nielsen Food Sector, for details see Appendix B.

⁶ For the definition of the store types, see Appendix C

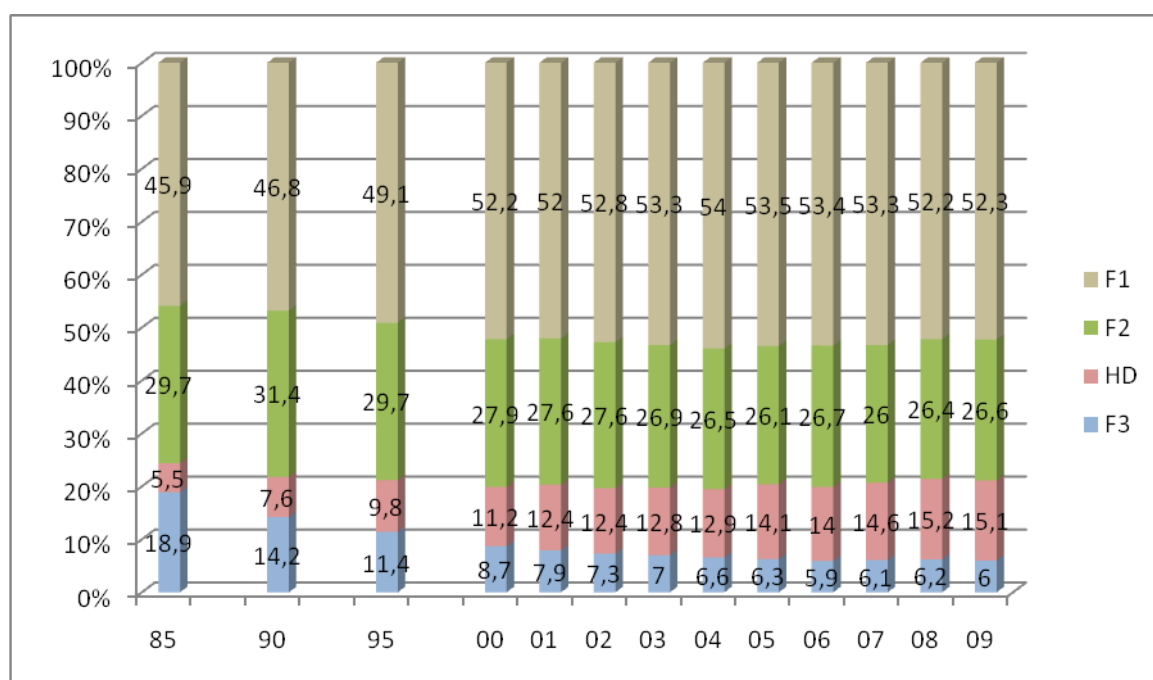


Chart 1 : Evolution Market Share per store type

As can be seen in Chart 1 **Erreur ! Source du renvoi introuvable.**, the share of F1 has increased slightly to 52.3%, the first increase in 5 years. In 2004 their share was still 54%. F2 increased its share again in 2009 to 26.6%. F3 decreased again after small increases in 2007 and 2008. The 2009 share was 6%. That year the number of POS dropped faster than in the previous 2 years. Hard Discount lost share in 2009, while that share increased significantly in 07' and 08'. Remarkable is the fact that in 2009, there were more store openings in Hard Discount than in 2008, but these extra stores did not generate any increase in market share.

4.1.1. Retailer stores

As shown in Chart 2, 36 self-service supermarkets opened their doors in 2009, to reach a total of 4,478 stores. Their market share has steadily increased since 2006 to reach 98.5% of the total Belgian Food Universe. Next to this, there were 3,342 traditional service stores in Belgium, representing 43% of the total number of food stores and only 1.5% of the turnover.

Table 3 **Erreur ! Source du renvoi introuvable.** gives the overview of the Self-Service trade in Belgium in 2009.

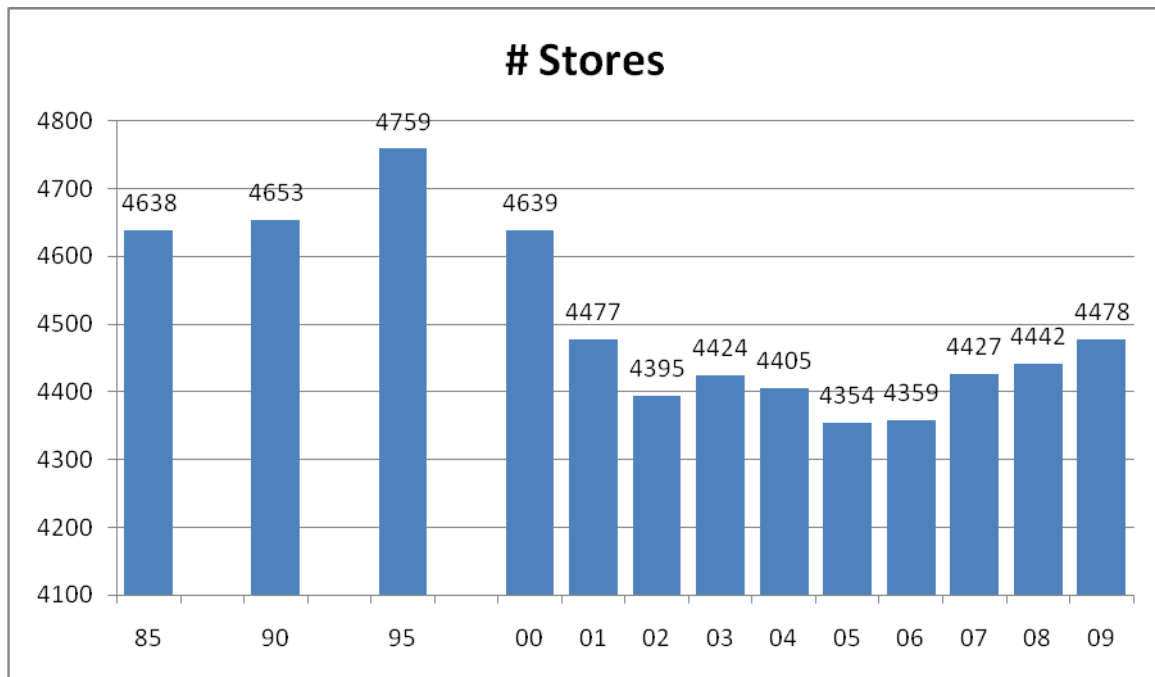


Chart 2 : Number of Self-Service stores in Belgium

Year	'85	'90	'95	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09
% Turnover Food Universe	90%	92 %	94 %	97 %	97 %	97 %	97.5 %	98 %	98 %	98 %	98.2 %	98.3 %	98.5 %

Table 2 : % of turnover of the Self-Service stores of the Food Universe

	# 2009	Difference 2008	Market Share in Food Universe
F1 Stores	592	+10	52.3%
F2 Stores	1228	+22	26.6%
Hard Discount	734	+15	15.1%
F3 Self-Service stores	1924	-11	4.5%
Total Self Service	4478	+36	98.5%

Table 3 : Overview Self-Service stores in 2009

4.1.2. Turnover per store

Table 4 compares the annual turnover per store and per store type over time since 1998. In 2009 the average F1 store increased its turnover by 1.8% to €19.8 million, which is significantly lower than the increase of 4.5% for the average store. An average F1 store realizes more than 4 times as much turnover than F2 and HD.

F2 has seen the largest increase in turnover. Within this channel the average store increased its turnover by 2.1% to €4.8 million. In Hard Discount on the other hand, the average turnover per store stayed more or less stable at €4.6 million.

F3 self-service stores realized an average of €519.000, which is an increase of 1.6% compared to 2008. The turnover of a traditional F3 service store decreased by 1% to only €102.000. It is not remarkable some stores in this category need to close down due to poor profitability. Only the stores that can differentiate themselves from the others (night shops, adjusted range, Sunday openings, ...) can create an added value and continue to compete.

	Average €/store	F1	HD	F2	F3	
					F3 Self-Service	F3 Service
1998	1330	15348	4085	3036	343	95
1999	1466	15542	3973	3186	352	100
2000	1613	16108	3955	3410	359	104
2001	1819	16903	4053	3629	376	107
2002	1982	17543	4007	3835	383	108
2003	2114	18209	3966	4195	388	107
2004	2210	18342	4006	4290	390	105
2005	2340	18249	4148	4340	414	105
2006	2489	18572	4098	4519	423	104
2007	2604	18638	4299	4594	462	104
2008	2736	19440	4576	4744	511	103
2009	2860	19775	4585	4845	519	102

Table 4 : Evolution average turnover per store & store type (turnover in current prices – per €1000)

4.1.3. Private Label

Definition of Private Labels⁷:

- Generic Brands
- Exclusive brands (sold in Aldi or Lidl)
- Brands carrying the name of the store or distributor

⁷ Until 2008 the market share of PL was calculated for the categories where PL was present. Since 2009 this market share is calculated over all categories present in FMCG and has the history been adapted.

Chart 3 shows the evolution of the value share of private labels. Since 1985, PL's have more than doubled their share, despite a small decrease in 2009 after a large increase in 2008. This growth was instigated by the difficult economic situation in the second half of 2008 and the growth of the Hard Discounters, predominantly selling own labels. Better economic forecasts have resulted in the 2009 drop.

Chart 4 shows that the PL value share varies strongly from category to category. Here we can see that almost two out of three fresh products are sold under PL. Together with Bakery & Toast and Frozen, these product categories are the largest in PL. The Quality of these PL products has improved significantly in the past couple of years, making the step from A brands towards PL easier for the consumer.

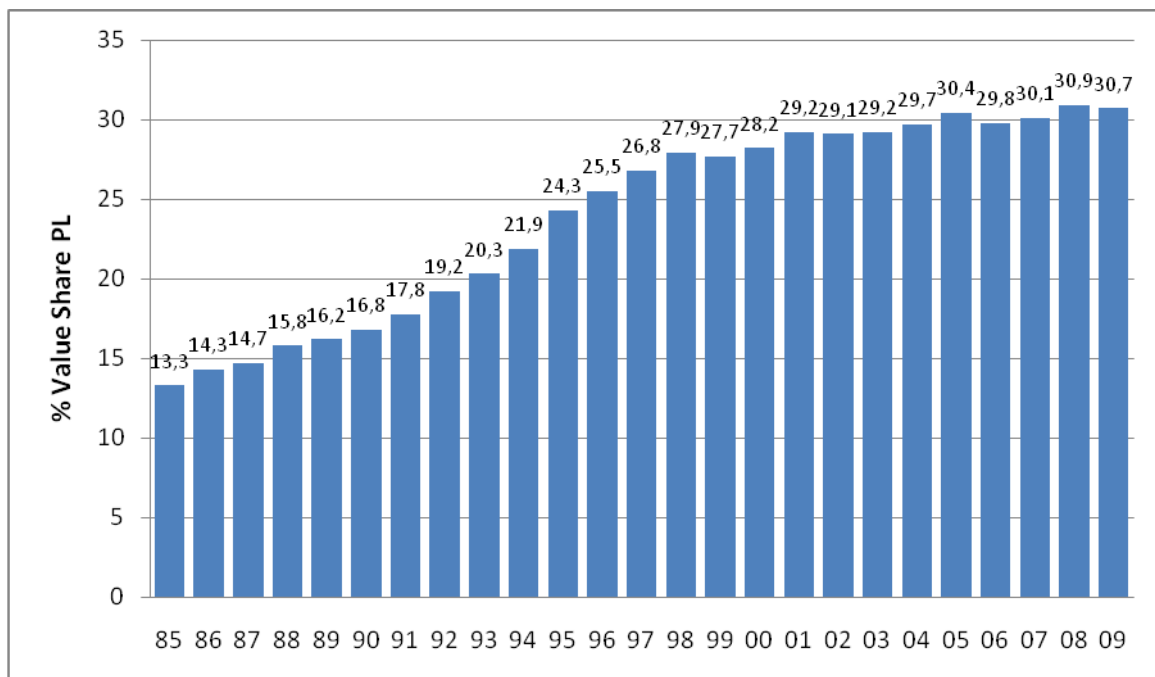


Chart 3 : Private Label Value Share

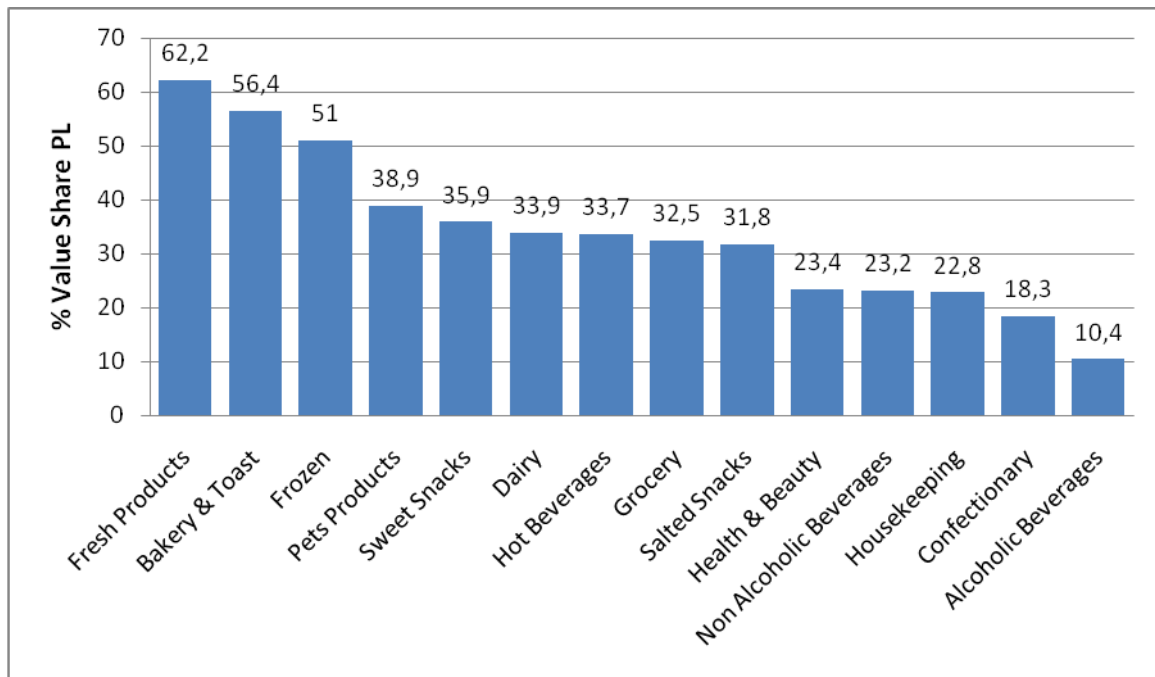


Chart 4 : PL Value Share per product category Belgian Retail Scene

With the top 3 retailers, Delhaize, Colruyt and Carrefour; covering almost 75% of the total market, the Belgian retail scene is very concentrated. For potential suppliers, this is an advantage as well as a disadvantage. When obtaining listings in two or even only one of the major retailers, the supplier gains access to a significant part of the market. Failing to launch with one of these three retailers means that only 25% of the market is left available, making it difficult to realize significant volumes and jeopardizing the profitability.

Chart 5 gives an overview of the market shares in the Belgian Retail scene. Current market leader is Delhaize with just over 26%. The top 3 retailers have shifted places over the last 5-10 years. When the Carrefour Group took over GB and renamed it Carrefour Belgium, their market share was about 30%. In the 10 years after the takeover, they struggled to hold the nr.1 position and lost market shares to Delhaize, but mainly to Colruyt, who came on strongly from the third position to nr. 2. Due to good communication on prices and adequate promotional support, Delhaize has been able to improve their image of expensive retailer and became market leader in 2009.

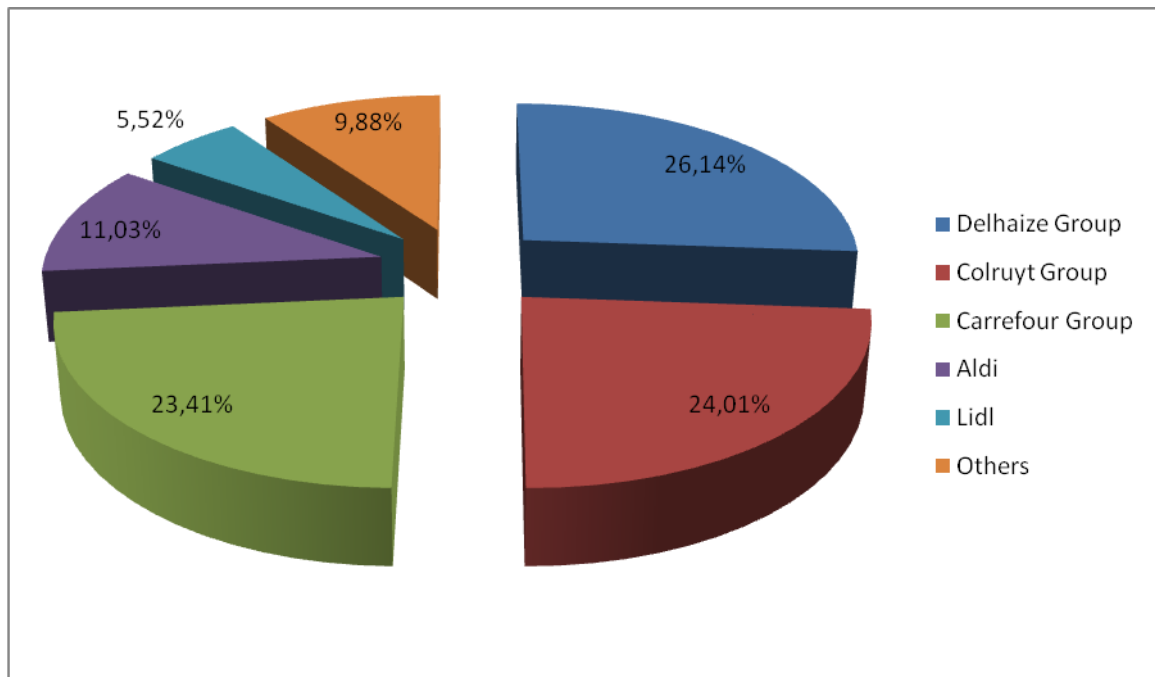


Chart 5 : Market Shares Belgian Retail Scene

The rest of the market is divided among Hard Discount (Aldi and Lidl) and the smaller secondary retailers. These secondary retailers (Louis Delhaize Group, Mestdagh, Makro & Intermarché) will be discussed in more details further on.

Chart 6 gives an overview of the positioning of each retailer and its different store formats. Please note that, given the dynamics and the constant movements in the retail business, this is only a snapshot of the current situation.

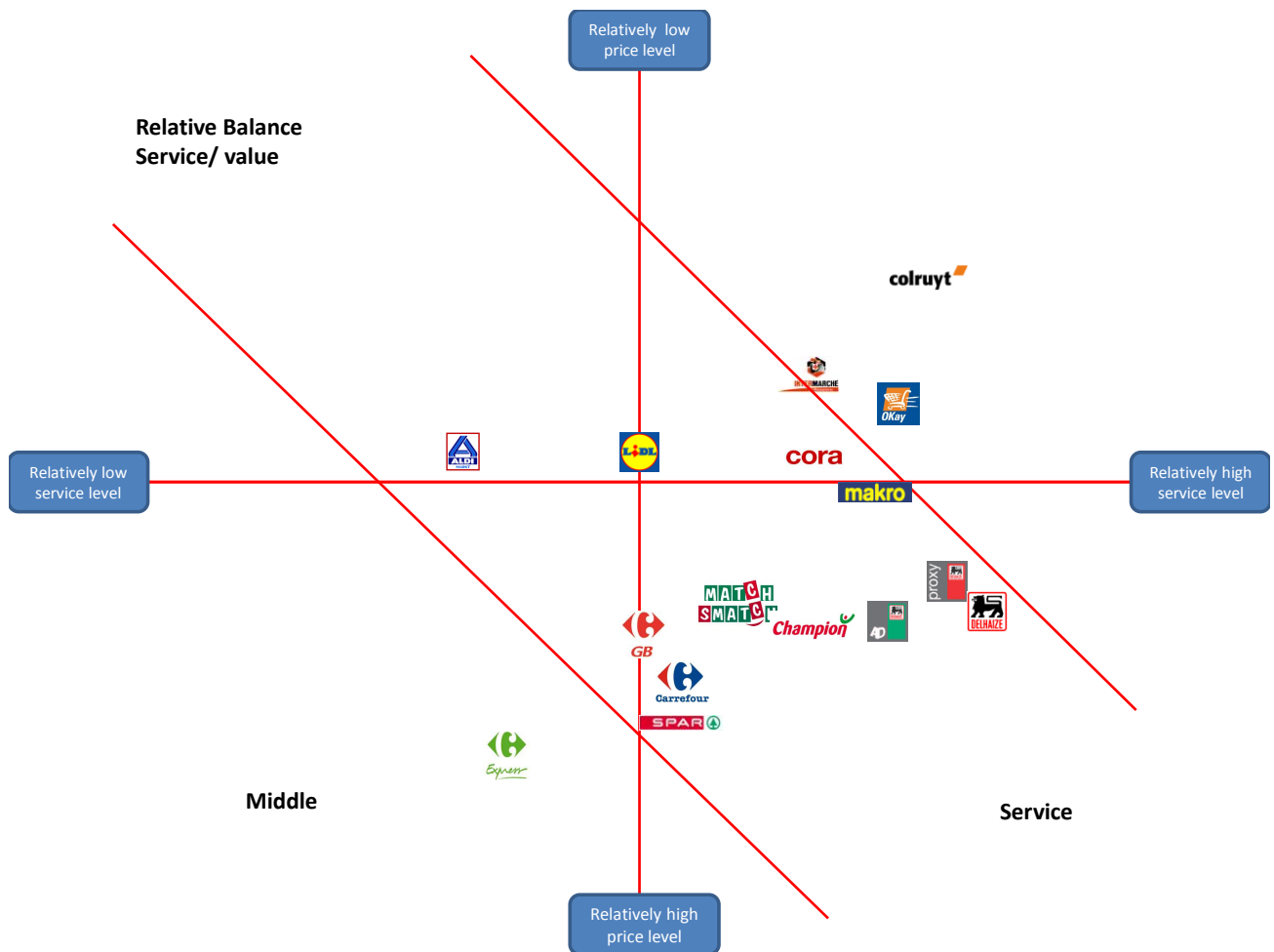


Chart 6 : Retail Positioning Grid – GfK Panel Services Benelux

Over the past 2 years, the emphasis has generally shifted from service towards price. Retailers such as Delhaize and Carrefour have heavily communicated on this, with mixed success for the latter. Large scale themed promotional campaigns have been used to steal away consumers from the competitors and increase brand loyalty with existing ones. Focus is on families with smaller kids (age 4-14). Examples can be seen here below. These promotions run for several months, whereas normal promotions in Belgian retailers run for 1 week.



Picture 7 : Carrefour GOGO promotional campaign



Picture 8 : Delhaize marble saving campaign



Picture 9 : Delhaize Pixar campaign

The following part of the report will deal with the different retailers in more detail. They will be dealt with according to the following structure:

- Top 3 Retailers
 - Delhaize
 - Colruyt
 - Carrefour
- Hard Discount
 - Aldi
 - Lidl
- Secondary Retailers:
 - Louis Delhaize Group
 - Mestdagh
 - Makro
 - Intermarché

General comment:

The 4 leading retailers in Belgium, that jointly represent over 85% of the total retail market share, have very differentiated strategies, positioning, range policies, customer profiles... This has important implications on how each retailer should be approached, in terms of product range, promotional support, price structure. A tailor made approach and in depth preparation is crucial to make a good first impression as a new potential supplier.

4.1.4. Delhaize

The Delhaize Group, founded by Jules Delhaize over 140 years ago, is currently market leader in Belgium and, as an international food distributor, active in seven countries across three continents (Belgium, Luxemburg, Germany, the United States, Greece, Rumania and Indonesia). The Delhaize Group is quoted on both Euronext Brussels and the New York Stock Exchange. In 2008 the group's net turnover and other revenues increased by 5.6% to €19 billion. End 2008 the network had 2,673 stores and employed 141.000 people.

Delhaize Belgium (incl. Luxemburg and Germany) has a total of 775 stores (detailed information is given in Table 5Table 5). The information in the following chapters will always refer to the activities of Delhaize Belgium (possibly including Luxemburg and Germany) unless stated otherwise.

Store Format	Remarks	# stores	Average sales surface	Turnover (million €)	Logo
Delhaize Belgium	Total store network	775		4.400	
AD Delhaize (Belux)	Franchisees	215	1000m ²		
Caddy Home	Home Delivery				
Delhaize Direct	Internet Grocery shopping	25 pick up stores			
Delhaize City (Belux & Germany)	Integrated city stores	24	500m ²		
Proxy Delhaize (Belux)	Franchised neighbourhood stores	179	500m ²		
Shop 'n Go (Belux)	Petrol Forecourts	70	125m ²		
Supermarkets (Belux & Germany)	Integrated	141	1950m ²		
Tom & Co	Pet stores	136	400m ²		
Other		10			

Table 5 : Delhaize Store Details – figures 2008

4.1.4.1. Delhaize Pricing & Product Policy

Delhaize Belgium has always had a strategy of differentiation from the other leading retailers and is the leading retailer in terms of new product concepts and innovations. The most important USP's are quality, a broad offer, an attractive fresh department and a pleasant shopping environment. Due to this more premium positioning, the consumer perceived Delhaize as a more expensive retailer. This, together with the negative economic climate, has urged Delhaize to improve their price image. Since 2008 over 1.500 products have been permanently reduced in price and communication has shifted from service and quality towards prices. These communication activities, together with successful promotional campaigns aimed at families with children, has led to a gain in market share and their current number one position.

When getting a listing for a branded product with Delhaize, suppliers will have to take the following elements into account (2010 rules):

- Both parties have duties
 - o 6-week notice period for de-list + explanation
 - o Minimum 6-month period for one listing
- Need for transparency
 - o Adjusted gross margin (2Xnet margin per metre after revenues and costs)
 - o Scorecard per supplier
- Compulsory fee based on the supplier ranking
 - o Platinum supplier
 - o Strategic supplier
 - o Classic supplier

		Support fund	Performance fee	Condition improvement request
Platinum	1/3 turnover	1% fixed	0.2% fixed	Specific per supplier
Strategic	1/3 turnover	1% fixed	0.5% fixed	Specific per supplier
Classic	1/3 turnover	1% fixed	0.8% fixed	Specific per supplier

- Purchase of promotional units as part of the differed conditions (1 unit = €10K)
 - Direct mailing
 - 2 units
 - 40 times a year
 - Floor stand
 - 3 units in standard season
 - 4 units in peak season
 - Action Zone
 - 12 units in standard season
 - 15 units in peak season
 - Planche épicerie
 - 1 unit
- Promotions invoiced after implementation
 - 4 events between €50K and €150K
 - Direct mail €16K
 - Newsletter web coupon €3K
 - In store virtual promotion €5K
 - Door to door €20K
 - Branded mailing €40K + €0.60 per contact

	1 SKU	2 SKU	3 SKU	Additional SKU	Per cluster
Large stores	€12K	€17K	€20K	€3K	€7K
Medium stores	€21K	€29K	€35K	€6K	€7K
Small stores	€27K	€38K	€46K	€8K	€7K
2009	€24K	€33K	€40K		

+ €1,500 administrative fee per SKU

Private Labels, or Private Brands as Delhaize calls them, play an important role in this differentiation strategy. In 2008 they represented 40% of the range & 50% of the turnover. The value brand “365” has made a significant progression in that year and realized a growth in turnover of 21.6%. An overview of the Delhaize own labels is given in Table 6.







Name	Description	Logo
Delhaize	Mainstream Products	
Delhaize Taste of Inspirations	Premium Products	
365	Value Products	
Bio Delhaize	Organic Products	
Delhaize ECO	Environmental Friendly Products	
Delhaize Care	Home & Beauty Products	

Table 6 : Delhaize Private Labels

Margin requirements for Delhaize differ from category to category: for frozen products this can be up to 45%, for A-brands it is around 30-35% and for PL around 35-40%.

Please note that fresh PL products would more than likely be around the 40% margin requirements in order to allow some leeway for potential wastage.

4.1.4.2. Delhaize Communications & Promotions

As previously mentioned, Delhaize shifted the focus of their communication from Quality, Freshness and Product Offering to Price Consciousness, backed up by targeted promotional campaigns and permanent price reductions. Delhaize publishes a weekly promotional folder, which, since 2010, is no longer available in store, but mailed to all Delhaize loyalty card holders. A separate folder is available for Delhaize and AD Delhaize Supermarkets on the one hand and the Proxy Delhaize stores on the other. Whereas before the economic crisis the emphasis was on volume

promotions, now more and more price promotions are implemented. Recently a special website has been created to communicate promotions to the consumer: <http://www.delhaizepromo.be>, as part of the extended promotional communication.

Next to the traditional folder, Delhaize is using their database information from the loyalty card (Plus Card) more and more, in order to carry out targeted Direct Marketing actions. Direct mailings and, since mid 2010, targeted coupons printed at the check-out registers (Catalina system) are only a few examples. Also new is the use of online e-coupons.

For suppliers to be part of the promotional campaigns, different guidelines and practices are used depending on the type of relationship between the retailer and the supplier:

- Private Labels and Exclusive products or brands: promotional support needs to be discussed and agreed upon with the category manager. Both partners have a responsibility towards supporting the brands or products and driving growth. Common practice is that the participation in promotional activities (e.g. Folder publication) is free of charge, but the redemption is paid for by the supplier. Here the remark needs to be made that regarding timings and participation in larger campaigns, paying suppliers (A-Brands) are given priority. The discussions are preferably held in six-monthly or annual meetings. In principle Delhaize makes no specific demand regarding a minimum % of turnover needed in promotional investment.
- A-Brands/National Brands (see information stated above): Suppliers of these brands have a choice of promotional packages at a fixed cost. The final content of the promotional package and costs are negotiated between both parties. These agreements are based on forecast annual turnover and re-negotiated every year between October and December.

Next to Delhaize specific promotions (i.e. invoiced by the retailer to the supplier), the manufacturers are also encouraged to invest in other promotional tools such as sampling, couponing, on-pack and in-pack offers...

Couponing in particular is one of the most popular promotional tools in Belgium. Belgian consumers are the second largest users of coupons after the United-States (on a pro rata basis). Typical on-shelf coupons are still extremely common in supermarket aisles although electronic couponing is quickly gaining pace.

Next to the couponing implementation costs (design, print and system costs), the manufacturer will also need to pay for the redemption. Coupons are cleared by a clearing house who will send the invoices to the manufacturer.

Sampling is also common practice in Belgium and is often coupled with couponing to recruit new consumers. This activity can be carried out in store through in-store demonstrations where a professional team of demonstrators will become the ambassadors for the brand (usually during a weekend).

Sampling can also be carried out out-of-the-store on store car parks or in high traffic areas (train stations...).

4.1.4.3. Delhaize Buying Procedure

Within Delhaize, the buying structure is quite straightforward. Each category has its own Category Manager, assisted by one or more buying assistants or buying secretaries, depending on the size of the category. The category managers report to their respective Buying Directors, who, in turn, report to the Procurement Vice President.

For a product introduction, the person to contact is the Category Manager. He/She decides whether or not there is any interest. First step should be to set up a meeting for the first introduction. Given the time pressure of each Category Manager, this meeting will generally take between 45 minutes and 1 hour. During this first meeting, the presentation should focus on the introduction of the company and the products, with special emphasis on the USP's and credentials (if available). It is common to bring samples to the first meeting, these can be tried immediately and/or left behind. In case of positive interest, one or more follow-up meetings will be organized to negotiate the conditions for launch. The product will then be presented to the buying committee. This is done by the Category Manager himself during an internal meeting with the different Category Managers and Buying Directors, where the product will be tasted and discussed, together with the introduction conditions (margin, promotional support, estimated volumes, ...). The supplier will have to provide a list of information (incl. samples, product specs, buying prices, sales arguments, ...) in order for the Category Manager to "defend the case". The buying committees take place every two weeks.

If a listing is finally secured, preparation work will be required prior to the actual launch. This includes logistics, packaging, labeling, setting up Delhaize internal product codes & filling in the Delhaize on-line product specifications. This last part of the process can take up to several weeks and should be well seen to as this will form part of the image and relationship building with the retailer.

After the launch, it is common, although not necessary, to organize a meeting to evaluate the first sales volumes.

Delhaize has never worked with launch windows for new introductions, but recently this has been introduced for certain categories in dry grocery. It is currently unclear whether or not this will be rolled out to fresh and/or frozen products.

4.1.4.4. Delhaize Logistics

As with the buying structure, logistics is also quite straightforward with Delhaize. Each product category has its own depot. This means that one central delivery will apply for the whole of Belgium (just outside Brussels).

Logistics is normally handled by the supplier, which is the preferred option for Delhaize. In some cases, depending on the country of origin and type of product (chilled vs. ambient), Delhaize might agree on an ex-works agreement and will organize transport themselves with their preferred partner.

In 2008, Delhaize reviewed their chilled supply chain and introduced some significant requirements to which the chilled supplier had to comply. Most important requirements are EDI ordering and invoicing, delivery into bespoke Delhaize returnable crates (including RFID tags and scanning abilities) and compulsory use of inner packs.

4.1.5. Colruyt

In 1928, Franz Colruyt started his wholesale business in colonial products such as spices and coffee. The wholesale activities soon expanded and were supplemented by wine bottling and coffee roasting. In 1950 the company Etn. Franz Colruyt NV was founded. Today the company, although quoted on the stock exchange, is still managed by the Colruyt family with Jef Colruyt (grandson of Franz Colruyt) in charge as CEO.

In Belgium, the N°2 retailer currently has around 600 stores, operates several own businesses (e.g. wine bottling, coffee roasting, printing, meat processing and other distribution activities) and employs around 20,000 people. Table 7 gives an overview of the Belgian store formats and supporting consumer services.

Store Format	Remarks	# stores	Average sales surface	Turnover (million €)	Logo
Distribution Colruyt				6309.6	

Bio Planet	Organic supermarkets	5	750m ²		
Colruyt Supermarkets	Integrated supermarkets	206	1340m ²	4195	
Okay	Integrated neighbourhood stores	58	500m ²	295.2 (incl. Bio Planet)	
Collishop	Internet Catalogue (not limited to groceries)				
Collivery	Home Delivery				
Collect & Go	Internet Grocery shopping	82 pick up stores			
Dreambaby	Pregnancy & Baby Supplies	6			
Dreamland	Toys	28		176.4	
Spar/Eurospar	Neighbourhood stores	290		583.5	

Table 7 : Colruyt Store Details – Figures 2008




Further to its activities in Belgium, Colruyt has, together with Conad (Italy), Coop (Switzerland), Leclerc (France) and Rewe (Germany) created Coopernic; the first so-called “union of independent European distributors”. Through this cooperation, the members aim at benefiting from a transnational organization able to compete with the largest international retailers. The five co-founders represent in total 17,500 stores in Europe and a turnover of €96 billion, 10% of the total European food expenditures.

Colruyt is looking for foreign expansion. Through the takeover of Ripotot, a French distribution group, Colruyt has been able to introduce their formula in the French market, making their French division currently profitable. Colruyt has always stated to be looking for a takeover in The Netherlands, but the candidates have been few and too expensive until today.

4.1.5.1. Colruyt Pricing & Product Policy

Colruyt calls itself a “Full Range Discounter”, meaning that they sell both A-brands as well as their own generic and exclusive brands, aiming at having the lowest price in the market for comparable products. Table 8 gives an overview of their brands. Next to these brands, they have several generic brands for specific product groups or categories:

- Belsy: Cookies and biscuits
- Galaxi: dairy products
- Graindor: coffee
- Kelvin: frozen products
- Resto: large packaging formats (aimed at Horeca outlets)
- Topaz: herbs and spices

Name	Description	Logo
Everyday	Value products	
Bio-time	Organic Products	
Colibri – for – education	Supporting School Projects in South America	

	& Asia	
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Table 8 : Colruyt Private Labels

Colruyt is fully organized according to this strategy of lowest prices, incorporating controlled expansion, continuous and structural cost savings. They keep the pressure on the other retailers by constant price comparisons with Carrefour and Delhaize and the recent introduction of the “cheapest in the range” label (see Picture 10), which helps the consumer finding the cheapest product on the shelves in each category. The spearheads in their assortment are meat, fruit and vegetables, wine and frozen products.



Picture 10 : Colruyt's label for « Cheapest in the range »

In order to effectively carry out their strategy of lowest prices, Colruyt has a large team of merchandisers in the field constantly checking prices in competing stores. Customers seeing lower prices can also call the so-called “Red Phone” to inform Colruyt and get a refund for the difference. Each time a lower price is noted, the stores in the area will immediately lower their price and new “Red Price” tickets will be printed and placed overnight.

Required margins will be, in general, 3-5 percentage points lower than the margin required by Delhaize or Carrefour.

When securing a listing with Colruyt for a branded product, suppliers should take the following elements into account

- Fixed listing fees (approx. €23K per SKU)
- Fixed coupon fees (approx. €23K)
- Fixed internet shopping fees (approx. €4K)

Colruyt will be very open about their fee requirements and will maintain a fairly rigid approach on the matter.

4.1.5.2. Colruyt Communications & Promotions

Colruyt communications is all about the lowest prices and how they manage to achieve this through their simple structure and thorough cost savings. In the words of Luc Rogge, Director-General of Colruyt Distribution; “With our lowest prices we’ve been hitting on the same nail for 45 years now. This consistent strategy is one of our greatest strengths, so we’re not about to change much about it.”.

This communication is reflected in the promotions; these are also kept simple, but efficient. Colruyt has been a pioneer when it comes to their internal IT system and customer database management. They were the first in Belgium to start direct mailing and have optimized this since. Recently they were again the first in Belgium to start sending out 100% personalized folders to 1.6 million loyal customers. The content of this folder is based on the analysis of the check-out receipts and will be specifically focused on the consumer’s shopping behaviour.

Next to these personalized folders, they have their standard promotional folder that runs for 2 weeks. In store couponing is also a widely used and efficient promo tool. Important to note that for these coupons everything, including the printing, is handled internally.

As mentioned previously, Colruyt is constantly monitoring competitor’s prices and adjust their own if necessary. This means that each promotion in a competitive retailer will be followed.

As all major retailers, Colruyt works with a loyalty card to increase consumer loyalty, called the “Extra Korting Kaart” (extra discount card – see Picture 11). The difference with the “standard” loyalty cards is that consumers no longer need to cut out coupons and hand them over at the check-out register. When the products in the shopping basket are scanned, every running promotion or discount will be granted or deducted, even if the consumer was not aware of the action.



Picture 11 : Loyalty Card Colruyt

This strategy of lowest prices and efficiency makes Colruyt the cheapest retailer for the customers (for comparable A-brands). For the supplier however, they are the most expensive. Although the required margin will be generally slightly lower than other retailers, the required promotional budgets are very high. These budgets are negotiated annually during meetings with the buyer and run up to 20% of total turnover.

Please note that Colruyt does not allow any external promotions such as couponing, sampling and merchandising runs.

4.1.5.3. Colruyt Buying Procedure

As in Delhaize, the buying structure in Colruyt is quite straightforward. Each product category is handled by one buyer. Four buying directors supervise four larger groups of product categories and all report to the central Buying Director.

The buyer is again the person to contact for new introductions. The main points for the meetings with the Category Manager in Delhaize, as explained previously, are also valid for Colruyt. The procedures differ slightly. Colruyt does not have a buying committee that will have to be prepared. The Colruyt buyer will, however have to prepare a dossier to assess the interest of the introduction.

The shelf space in Colruyt stores is very strictly monitored and controlled. The different stores are very well-defined and planograms are meticulously followed and executed. Therefore, if a buyer wishes to introduce a new product in his category, he will have to have or make room for it on his shelf. In principle this is on a “One In – One Out” basis, where the new product needs to generate as much (and preferably more) profit than the former one.

Given the high level of efficiency at Colruyt, the time period to launch a new product will normally be shorter than in Delhaize. Although a first meeting will always be face-to-face, it is not uncommon to arrange further details by email or phone.

As with promotional negotiations, negotiations on new introductions can be heavy and expensive. Colruyt has a tendency to ask for high, non-negotiable listing fees.

4.1.5.4. Colruyt Logistics

Colruyt operates one depot per product category, making one central delivery enough for the Colruyt network. They will almost always work exclusively with a direct delivery approach, where the supplier is required to arrange his own transport.

4.1.6. Carrefour

In 2000, the French retailer Carrefour took over the Belgian GB Group, which had previously taken over the first chain of Belgian supermarkets started initially in 1860.

At the time of the takeover the GB Group was market leader with about 30% of the retail market share. In July 2000, Carrefour Belgium was founded and the store fascia's were changed over the course of several years and several restructuring waves. The last repositioning took place in 2007, when the structure of the group was simplified to what exists today: Carrefour Hyper (hypermarkets) Carrefour/GB Market (supermarkets) and Carrefour Express (convenience stores). The detailed overview is given in Table 9.

In 2010 Carrefour Belgium underwent a last serious restructuring aimed at the integrated stores. Due to poor profitability, 8 hypermarkets and 3 supermarkets had to be closed. 5 hypermarkets were moved from integrated stores into franchisees. 16 supermarkets were sold to the Mestdagh Group. Carrefour Belgium currently employs around 15,000 people.






Store Format	Remarks	# stores	Average sales surface	Turnover (million €)	Logo
Carrefour Belgium				5271	
Carrefour Hyper	Hypermarkets (45 integrated & 5 franchised)	50	6500m ²		
Carrefour/GB Market	Supermarkets (42 integrated & 320 franchised)	362	600m ² - 2000m ²		
Carrefour Express	Franchised neighbourhood stores	191	150m ² - 450m ²		
Rob	Premium Supermarket	1	1700m ²		

Table 9 : Carrefour store Details – Figures 2010

4.1.6.1. Carrefour Pricing and Product Policy

Carrefour aims at offering a broad range of products at an interesting price. Next to this, they want to offer the Belgian consumer the shopping environment of their choice: hypermarkets for the consumer who wants to come and do their large shopping once every (two) week(s), supermarkets for day-to-day shopping and fresh products and convenient neighbourhood stores for last minute and top-up shopping. To support this, Carrefour invested €50 million in price reductions and the launch of the Carrefour Discount range in 2009. There are also some projects running in test stores to improve their customer service.

GB was the first in Belgium to introduce a private label with the so-called “white products”, which later was renamed under the GB brand. With the takeover by Carrefour, the Carrefour brand was introduced. Currently PL represents 40% of the total turnover, including 4 different offerings (see Table 10). The objective is to reach 50%.





Name	Description	Logo
Carrefour Discount	Value products	
Carrefour	Mainstream Products	
Carrefour Sélection	Premium Products	
Carrefour Bio	Organic Products	

Table 10 : Carrefour Private Labels

When launching a branded product with Carrefour, the supplier will enter a contractual relationship with the retailer i.e. a contract will have to be agreed and signed between both parties.

This contract will include the following elements (main elements):

- Yearly targeted turnover
- End-of-year discounts (based on turnover)

- Performance discount (based on turnover)
- Promotional budget (based on turnover) – this will allow the supplier to “buy” promotional activities
- Bonus for increase in sales surface (based on turnover)

Other bonuses/discounts may be required by the retailer – this will clearly form part of the negotiation discussion between both parties. No set figures (%) can be defined at this stage.

Margin requirements for Carrefour are very similar to those of Delhaize: up to 45% for frozen products, around 30-35% for A-brands and for PL around 35-40%.

4.1.6.2. Carrefour Communications & Promotions

Carrefour Belgium is a very promotional driven retailer, both volume as well as price promotions. This is reflected in the promotional folders that are published. Two separate folders are used for the hypermarkets: weekly ones and fortnightly ones. A third folder is published for the supermarkets separately, this one also runs for one week. Next to these three folders, monthly promotions are announced in the Express neighbourhood stores.

Carrefour uses different methods to communicate their promotions, both above-the-line as well as below-the-line methods are used: television & radio commercials, billboards, bus stop posters, in-store communications (shelf banners, end-of-aisle displays, quarter pallet displays, floor boards, ...). As Delhaize, Carrefour also organizes larger promotional savings campaigns aimed at families with (young) children. Especially supplier of A-brands are urged to take part in the program.

In addition to these Carrefour specific promotions, the manufacturer will also need to invest in external promotions such as couponing and sampling (see notes in the Delhaize paragraph). It is highly recommending to use the support of a merchandising team when implementing promotions. The merchandisers should visit the stores ahead of the promotions in order to make sure that all is planned accordingly.

As for the two previous retailers, Carrefour also works with a consumer loyalty card with various benefits attached to it (points, promotions...).

4.1.6.3. Carrefour Buying Procedure

In contrast with Delhaize and Colruyt, the Carrefour buying procedure is more complicated. Each product category is handled by a two-people team - one category manager (responsible for product identification, planograms and negotiations with A-

brands) and one product manager (responsible for the implementation based on the category manager's guidelines). Private labels and brands are handled separately, which does not allow a fully integrated category management.

For new product introductions, an introduction meeting needs to be arranged with the product manager and/or the category manager to present the company and the products. For this meeting the same remarks, as previously made in the chapter about Delhaize buying procedure, apply.

Unlike Colruyt, Carrefour is less efficient and much heavier to deal with. The buying procedure covers numerous steps and can be a lengthy process.

In case of private label development and once the product manager/category manager has expressed interest in the product, samples must be submitted following a specific procedure before being assessed by a tasting panel. The product manager needs to have all product specifications and a price indication.

Once the product has been approved (NPD work might have had to be carried out), Carrefour will confirm the deal which will kick-start the full product launch process involving purchasing, quality (outsourced to Euroconsultants), packaging and logistics.

Next to the Belgian purchasing department, there is also a strong link with the French headquarters. This can work both ways. Both products purchased in France can make it to Belgium as can products be introduced to Carrefour France through the Belgian group.

4.1.6.4. Carrefour Logistics

Carrefour operates four logistical depots for national coverage: two in the North of Belgium and two in the South. Depending on the product category, deliveries have to be made in two or more of them.

Carrefour also uses an external frozen platform outside Brussels for all frozen goods.

Chilled products tend to be on a 6-day week delivery basis i.e. suppliers must be able to deliver one depot in the North and one depot in the South 6 days a week. Foreign suppliers often have to resort back to stock holding in Belgium using the services of a third party. Minimum shelf-life will have to be firmed up in the deal with Carrefour as their logistics department will refuse any good that is less than the minimum shelf life on delivery (exceptions can sometimes be granted but should not be the norm).

4.1.7. Aldi

The German discounter opened its first outlet in Belgium in 1966 and has seen a strong expansion since the 80's. Today the chain has a market share of around 11%. Their penetration is close to 80%, meaning that 4 out of 5 Belgian consumers visit the Aldi stores regularly. Their market share has stabilized over the last years, with even a slight decline in the second half of 2009. Up until today, Aldi has always followed an aggressive expansion strategy.

Aldi operates around 440 stores, spread over 7 regions. According to Marketing Map cannibalization is not (yet) an issue. Aldi maintains a performance of over €9,500 per m², which puts them among the top of the sector.

Worth noticing that **Aldi Belgium is part of Aldi Noord** and suppliers delivering to other Aldi countries should be mindful of their various commercial offers as information sharing is common practice within the group.

4.1.7.1. Aldi Pricing & Product Policy, Promotions & Communications

The Aldi strategy is well-known: a limited range of around 600 basic products, maximum two (own) brands per product and plain store decoration. Around 70% of the product range consists of Belgian products. Part of the imported goods are purchased together with the German mother company. Next to this, Aldi regularly stunts with non-food products (e.g. computers, bicycles, textile, DIY, ...). Unlike Lidl, speculations about the possible introduction of branded products is still premature.

Aldi publishes a weekly folder with all the promotions. This folder is distributed both in the stores as well as through the post. As mentioned previously, both food and non-food products are highlighted. Many promotions are used as real traffic builders and are sometimes only available in limited quantities.

4.1.7.2. Aldi Buying Procedure & Logistics

Aldi predominantly works on a tender basis. This procedure implies that a detailed document on the wanted product(s) is faxed to a list of selected partners. This tender document provides very detailed information on the product requirements: weight, flavour, packaging, ingredients, specifications, shelf life, case count, etc. Usually a new product is tested first in one or more regions, after which it can be rolled out nationally if successful. Even the required volumes for the test region are specified in the tender document. Interested suppliers are invited to send samples and a price offer before the selected deadline to the relevant buyer.

Supplying Aldi means direct delivery into one or more (depending on the distribution of the product) of their seven regional depots. Specific delivery requirements are mentioned in the tender document.

4.1.8. Lidl

Lidl's history in Belgium is still very recent. The first Belgian Lidl store opened in 1995. 15 years after the Belgian introduction, the discounter has a 5.5% market share with around 290 stores. Although the market share has always been lower than Aldi, the latest Summer Report by GFK indicates that Lidl scores better than Aldi on several aspects such as offers, fresh department, broad assortment, store hygiene and staff friendliness.

4.1.8.1. Lidl Pricing & Product Policy, Promotions & Communications

Lidl is a hard discounter, and therefore has a fairly small range. They carry around 1,000 references, 90% of which under the own brands. In 2007, Lidl introduced national brands in their stores in Belgium. The retailer reached an agreement with large suppliers such as Coca-Cola, Mars, Kraft Foods, Ferrero and Procter & Gamble. Communication is intensively done on regional television stations, in magazines and on the internet. They also publish a weekly promotion folder, distributed in the stores and through the post.

They sell more and more Belgian products, making them less dependent from the German offer. A trend towards more "Clean Labels" (no additives, colourings, ...) can also be noticed.

Lidl regularly stunts with non-food products to generate traffic to the stores. As with Aldi, the quantities available are limited, often leaving consumers empty handed. Several complaints have been raised which explains why a formal investigation was started to verify the alleged decoy practices.

4.1.8.2. Lidl Buying Procedure and Logistics

Lidl Belgium has one buyer per category, who handles the negotiations with (potential) suppliers. If you already supply Lidl in another country, the negotiations have to be done with the buyer of this country. So if a supplier is already doing business with Lidl in Ireland or in the UK, he needs to go through the UK buyer to enter the Belgian market.

If an agreement is reached, packaging will be done by Lidl who will require samples and product shots. Packaging development costs are at the expense of the supplier. Contracts are made for a defined period of time; e.g. 3-6-9 months. Lidl is putting more focus on quality and "clean products" (see above). Quality control costs are invoiced annually to the suppliers.

They operate four depots per product category (out of which each store in that region is supplied). Direct deliveries are required into these four depots.

4.1.9. Louis Delhaize Group

Since 1875, Louis Delhaize Group has been the neighbourhood store specialist in Belgium. It is a European family group present in 9 countries. They have developed sales techniques & managing methods and a product range fully focused on the needs of both the manager and consumer of the neighbourhood store. In Belgium, the group has different store formats (see Table 11). All subsidiaries have a large degree of autonomy regarding marketing and sales.







Store Format	Remarks	# stores	Average sales surface	Turnover (million €)	Logo
Cora Belux	Hypermarkets	9	12750m ²		
Louis Delhaize	Convenient stores	450	150m ²	150	
Louis Delhaize De Kruidenier	Convenient stores	17	250m ²		
Delitrateur	Premium neighbourhood stores	29	250m ²	33	
Match	Supermarkets	53	1300m ²		
Smatch	Neighbourhood stores	67	400m ²		

Table 11 : Louis Delhaize Store Formats

Noticeable is the concept Delitrateur, a chain of upmarket « traiteur » stores. This store format started in the province of Walloon Brabant and has now expanded to Flanders and the Paris region (2 stores).

On top of the formats stated above, the Group wants to develop in other sectors, e.g. by opening Louis Delhaize corner stores at Totalfina and Esso petrol stations, or through a partnership with Relay Service in railroad stations.

Although the different formats are independent for their sales and marketing activities, the buying is organized through one buying central: Provera Belux; the local division of the international buying central.

Internationally, the Louis Delhaize Group has achieved a turnover of €10 billion and employs 52.000 people. It has become clear that international cooperation is becoming more and more important within the group. Both with Match as with Cora people of the Belgian division are working closely together with their French and Luxemburg colleagues, especially in the marketing field. For their international buying, the group works through the Provera buying central, which recently joint BLOC for the first price products (Winny range).

The smaller independent stores Louis Delhaize and Louis Delhaize De Kruidenier do not do centrally organized promotions. The other chains (Cora, Match & Smatch and Delitrateur) have their own promotional folders. Whereas the Cora hypermarkets will be more price promotion driven, the Match supermarkets will be focused more on service & fresh products.

As far as logistics is concerned, the supplier needs to make direct deliveries into one central depot, both for fresh products as well as for frozen and dry groceries. The internal logistical structure is adapted to the different store formats, with special requests for the smaller neighbourhood stores and convenient stores (single packs for fresh products, repackaging into smaller portions for dry groceries, combined deliveries for fresh and other products).

4.1.10. Mestdagh

The family company Mestdagh has a long history of distribution in Belgium. The first activities started in 1900 and in 1962 the first supermarket opened. This was initially followed by an expansion in the Walloon provinces only, until the first supermarket in Flanders opened in 1991. 25% of the company is owned by the Carrefour Group. Until 2013 the Mestdagh Group has the exclusivity over the master franchise of the Champion format in Belgium. It is not yet clear what will happen after that date; either the contract can be renewed (it has happened several times in the last 10 years) or the stores will be remodeled to the Carrefour Market format.

Before the restructuring at Carrefour Belgium, Mestdagh had 66 supermarkets under the Champion format; 31 operated by franchisees. With only 3 supermarkets in

Flanders, the majority is still located in Wallonia. In the summer of 2010, it has been decided that the Mestdagh Group will take over 16 supermarkets from Carrefour Belgium. These will operate under the Carrefour Market format. An overview of the store formats is given in Table 12.



Store Format	Remarks	# stores	Average sales surface	Turnover (million €)	Logo
Champion	Supermarkets	66	1270m ²	508	
Carrefour Market	Supermarkets	16	600-2000m ²		

Table 12 : Mestdagh Store Formats

The Champion supermarkets differentiate themselves with large fresh departments (partially with service counters) and carry out a lowest price policy in the region. They have a mix of national brands, Champion and Carrefour private labels and value products (see Table 13).






Name	Description	Logo
Champion	Mainstream Products	
Carrefour	Mainstream Products	
Carrefour Sélection	Premium Products	
Carrefour Bio	Organic Products	
Nr. 1	Value Products	

Table 13 : Mestdagh Private Labels

They publish 2 folders, one every week and another that runs for two weeks. Emphasis in both folders is on fresh products and seasonalities.

The Mestdagh buying department is partially managed by their own buyers and partially in cooperation with the buying central of Carrefour Belgium.

Deliveries are made in the central depot for all product categories.

4.1.11. Makro

The German retailer opened its first store in Belgium in 1970. Today there are 6 Makro Cash & Carry Hypermarkets and 3,400 employees. These stores carry around 50,000 references. Metro Belgium, a division of Makro Belgium, launched a new store format under the Metro brand in 2003. The Metro concept consists of (currently) 5 stores of around 4,000m² exclusively reserved for a professional clientele; e.g. horeca specialists. Details can be found in Table 14.


Store Format	Remarks	# stores	Average sales surface	Turnover (million €)	Logo
Makro	Cash & Carry Hypermarkets	6	26.000m ²	1200	
Metro	Professional Cash & Carry stores	5	4000m ²	100	

Table 14 : Makro Belgium Store Details

Makro Belgium has been carrying out an ambitious renewal program according to which the stores are thoroughly remodeled. Main guidelines are: a concept of halls in the fresh department, logically outlined dry grocery departments and a younger store image matching the corporate identity of Metro Cash & Carry International.

Next to a wide range of A-brands, Makro offers several private label brands as well. An overview of these brands is given in Table 15. Over the years, more and more focus is put on these private brands.







Name	Description	Logo
Aro	Value products	
Fine Food	Quality Food Products	
H	Table decorations & Hotel	
Select Horeca	Food products – large quantities	
Rioba	Food & non-food supplies for Bars & Café's	
Sigma	Office Supplies	

Table 15 : Makro Private Labels

Makro Belgium works with 3 weekly folders for their different product categories: food, non-food, drive-in (DIY & Gardening), electronics and a seasonal folder (e.g. Back to school). These promotional folders are used as real traffic builders. Communication is also quite often done through radio advertisements.

The buying is partly done in Belgium, by the Belgian Product Group Managers, and through the new international buying organization of the Metro Group; Metro Group Buying International (MGBI). In Belgium, there is one buyer per product category. He is the point of contact and he will make the final decision.

For the invoicing department, Makro works with the Swiss factoring company Miag CV. There are guaranteed payments of each invoice, at a cost of 1% of the annual turnover, which is invoiced to the supplier.

Makro Belgium operates one depot per product category. They strive for as simple a supply chain as possible. Internal logistical costs are calculated in the RSP's (around 3%).

4.1.12. Intermarché

Intermarché, a French retailer, started their Belgian adventure in the southern part of Belgium in 1991 and currently has a market share of around 1.5%-2%. Attempts to also enter Flanders have been abandoned. The Group has around 40 entrepreneurs (franchisees) operating 75 stores (see Table 16) and employs around 1500 people. ITM Belgium/Sca-Pr operates as a group of independent entrepreneurs with very limited overhead costs: each entrepreneur frees 2 days a week for the group.



Store Format	Remarks	# stores	Average sales surface	Turnover (million €)	Logo
Group				360	
Ecomarché	Neighbourhood stores	19	400m ²	42	
Intermarché	Supermarkets	56	1000m ²	318	

Table 16 : Intermarché Store Details

The strategy of the Intermarché supermarkets is to offer the best quality products at the lowest prices. Both national brands as well as private labels are offered. They have a broad fresh department and discount prices for food products. The Ecomarché stores follow the same strategy while being adapted to the concept of convenience stores. It is predominantly through the latter that the group has been able to grow in Belgium.


Just recently Intermarché has announced that they will start a remodeling and repositioning of their stores. In order to meet the needs of the consumers, their stores will exist in two formats:

- Intermarché Super will consist of stores with average sales surface of 1250m² and will be positioned as the food specialist in their region.
- Intermarché Contact will be stores with an average sales surface of 600m² and will be profiled as a neighbourhood store.

By the end of 2013 all stores should be converted to the new concepts. They also plan to open 20 new stores in the next three years, all located in the French speaking part of Belgium.

Intermarché also publishes two promotional folders; a weekly one and a monthly one.

Intermarché offers a very wide range of private labels for different product categories. The full overview of their categories and descriptions are given in Table 17⁸.

Names	Category	Logo
Pâturages, Planteur de Tropiques, Elodie, Solaya, Changez d'air, changez d'eau, Réva, Campanière, Paquito, Chabrior, Cooterley, Regain Bio	For a healthy start of the day.	
Jean Rozé, Louis d'Armel, Monique Ranou, Claude Léger, Bouton d'Or, Odyssee, Volaé, Gulf Stream, Saint Eloi, Changez d'air, changez d'eau, Fiorini, La Croix du Pin, Pâturages, Cigalou, Grillero, Mitra, Moisson, Les Frères de l'abbaille	Dinner time	

⁸ For more information, see http://www.intermarche.com/selection_des_mousquetaires_engagements_accueil

<p>Lou Mouintagnard, Compte Queriace, Guillaume Dunoy, Trésor d'Alsace, Kings Brau, Onno, Capitaine Cook, Filet Bleu, Perline, Ivoria, La Fauconnerie</p>	<p>Let's Invite</p>	
<p>Chabrior, Pâturages, Filet Bleu, Look, Adélie, Paquito, Ivoria, Solaya</p>	<p>Snacking time</p>	
<p>Labell, Via, Eldys, May, Pommette, Lyparex</p>	<p>Feel Good</p>	

Apta, Tulipe, Flocon, Canaillou, CA1, Lekium, Feuillance, Énergaz, Domédia	Home Sweet Home	
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Table 17 : Intermarché Private Labels

Intermarché operates a central logistic depot from where all stores are supplied, meaning one central delivery is sufficient.

5. Additional Sources of Information and References

5.1. *Research*

Nielsen Belgium

Plejadenaan 73

B-1200 Brussel

Tel: +32 2 778 70 11

<http://be.nl.nielsen.com/site/index.shtml>



GfK Panel Services Belgium

Buro & Design center

Heizel Esplanade Heysel PB 36

B-1020 Brussel

Tel: +32 2 558 05 58

http://www.gfk.com/ps_belgium/



Food in Mind (out-of-home)

Pagodenlaan 435

B-1020 Brussel

Tel: +32 2 779 30 59

<http://www.foodinmind.com/>



Synovate Belgium

Grote Steenweg 110

B-2600 Antwerpen

Rooigemlaan 2 bus 4

9000 Gent

Tel: +32 9 216 22 22

<http://www.synovate.com/>



5.2. *Taxes and Duties*

Belgian Administration of Customs and Excises

Kruidtuinlaan 60 bus 230

B-1000 Brussel

Tel: +32 2 422 11 91

<http://fiscus.fgov.be/interfdan/>



Belgian Public Service of Finance

Tel: +32 2 57 257 257

<http://www.minfin.fgov.be/portail2/en/index.htm>



5.3. Labels and Packaging

Belgian Federal Agency for the Safety of Food Chain

Kruidtuinlaan 55

B-1000 Brussel

Tel: +32 2 211 82 11

<http://www.favv.be/home-en/>



Voedingsinfo (independent website on food safety and the relationship food & health)

<http://www.voedingsinfo.org/ned/home/index.php>

voedingsinfo.org

5.4. Logistics

Euro Pool System International

Laan van Vredenoord 8

NL-2289 DJ Rijswijk

PO Box 1887 NL-2880 DW Rijswijk

Tel: +31 70 301 41 41

<http://www.europoolsystem.com/index1.asp?taalid=3>



5.5. Electronic Data Exchanges

Edipax (EDI Provider)

<http://www.edipax.com/>



Edicom International (EDI Provider)

Parque Tecnológico de Paterna

Ronda de Auguste y Louis Lumiere 12

46980 Paterna (Valencia)



62 01 70

Tel : +44 871 277 0028

<http://www.edicomgroup.com/en/index.htm>

5.6. Retailers

Delhaize Groep NV

Osseghemstraat 53

B-1080 Brussel

Tel: +32 2 412 21 11

<http://www.delhaize.be>



Etn. Fr. Colruyt NV

Steenweg naar Edingen 196

B-1500 Halle

Tel: +32 2 360 10 40

<http://www.colruyt.be>



Carrefour Belgium NV

Olympiadenlaan 20

B-1140 Brussel

Tel: +32 2 729 21 11

<http://www.carrefour.eu>



Aldi

Keerstraat 4

B-9420 Erpe-Mere

Tel: +32 53 82 72 72

<http://www.aldi.be>



Lidl Belgium GmbH & Co KG

Axxess Business Park – Guldensporenpark blok J nr. 90

B-9820 Merelbeke

Tel: +32 9 243 74 00

<http://www.lidl.be>



Louis Delhaize SA

Rue de Ligne 13

B-1000 Brussel

Tel : +32 2 229 28 50

<http://www.louisdelhaize.com>

**Mestdagh SA**

Rue du Colombier 9

B-6041 Gosselies

Tel : +32 71 25 72 11

<http://www.mestdagh.be>

**Makro Cash&Carry Belgium NV**

Nijverheidsstraat 70

B-2160 Wommelgem

Tel : +32 3 328 90 00

<http://www.makro.be>

**Intermarché Belgium**

Rue du Bosquet 4

B-1348 Louvain-La-Neuve

Tel : +32 1 47 17 00

<http://www.intermarche.be>



Appendix A: The Consumer Goods Forum Top of Mind Survey January 2010

Issue	% Choosing issue	2010 Ranking	2009 Ranking
The economy and consumer demand (energy costs, demographic change, consumer trends)	50.4	1	1
Corporate social responsibility (sustainability, social standards, corporate governance)	38.1	2	3
The competitive landscape (consolidation, discount, new channels)	33.1	3	4
Food and product safety (standards, traceability, consumer confidence)	31.7	4	2
Retailer-supplier relations (trade costs, pricing, collaboration)	29.9	5	=5
The retail/brand offer (price points, assortment, format)	26.75	6	=6
Consumer health & nutrition (product development, labelling, education)	22.3	7	=7
Consumer marketing (advertising, loyalty programmes, promotions, customer service)	18.2	8	=8
Technology and supply chain (logistics, out-of-stocks, in-store technology)	16.1	9	=9
Internationalisation (international expansion, global sourcing)	13.8	10	11
Human resources (staff recruitment and retention, operational performance)	10.3	11	10
Regulations (store openings, pricing, labelling)	6.5	12	=12

Appendix B: Definition of the Nielsen Food Sector

Are part of the Nielsen Food Sector:

1. The retail outlets in Belgium selling at least four of the following food product categories:
 - Consumable fats
 - Canned goods
 - Bottled drinks
 - Drinks in solid form (e.g. coffee, tea)
 - Pasta
 - Confectionary
2. In addition, the turnover for “food products” need to represent at least 40% of the total turnover.

Excluded are:

1. Stores realizing over 50% of their turnover from selling meats or fish and seafood.
2. Stores specialized in diet food.
3. Stores that are part of a petrol station (e.g. Yelloh, Shop 'n Go, Express, ...)

The Turnover:

The turnover is the total turnover, realized in the previous year.

For stores opened only in the course of the year, the turnover has been extrapolated to a full year. For stores closed in the course of the year, Nielsen assumes no turnover has been realized that year.

For hypermarkets only the turnover for the departments food, stationary, home & beauty care and maintenance products is taken into account.

Appendix C: Definition of store types

F1 stores: Large Distribution (limited list):

- Group Carrefour Belgium: Carrefour Hypermarkets, Integrated GB Supermarkets and Carrefour Market
- Group Colruyt: Colruyt
- Group Delhaize: Delhaize Supermarkets
- Group Louis Delhaize: Cora and Match
- Group Mestdagh: Super M and Champion

Hard Discounters:

- Aldi
- Lidl

F2 Stores: Medium Large Distribution:

- Alvo
- Group Carrefour Belgium: Franchised GB Supermarkets and Franchised Carrefour Market
- Group Colruyt: Okay, Eurospar, Spar Retail (Spar with folder)
- Group Delhaize: AD Delhaize, Superettes, Proxy Delhaize, Delhaize City, Cash Fresh Supermarkets
- Group Intermarché: Intermarché and Ecomarché
- Group Louis Delhaize: Profi and Smatch
- Samgo
- Other supermarkets larger than 400m²

F3 Stores:

- All self-service stores with a sales surface smaller than 400m² (e.g. Spar without folder (Colruyt), Supra (Lambrechts), Prima (Huyghebaert), Express (Carrefour), Louis Delhaize (Louis Delhaize Group)) not mentioned above and stores offering traditional service (including night shops).

Appendix D Delhaize Fost Plus Fiche



ETABLISSEMENTS DELHAIZE FRERES ET CIE . LE LION . S.A.

Bettegemlaan,4 - 1731 Zellik - Belgium

From :

Tel : 32 (0)2 481

Date : 24/08/2010

FAX : 32 (0)2 481

To :

To the attention of :

Fax Nr:

Page(s) : 7

Sirs,

Please fill in the details relating to the packaging for the following items:

.....
.....
.....
.....
.....
.....

Please find enclosed the detailed information to be provided and a specimen form to be completed.

Please return the forms to us, dated and signed.

For further information, contact Mr Ghequiere on 02/464.88.19.

Yours faithfully,

