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A Study on Key Retailing Strategies of Carrefour and Its Intervention Plan During the Pandemic (Covid-19): UAE

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Abstract

An economy is governed by its markets and for a growing economy retailing is a blooming industry. The secret of successful retailing is to give the customers what they want. Keeping this in mind a French Retailer, 'CARREFOUR' is progressing high across various nations of the world keeping in mind the cross national and demographic styles of various countries. It adapts itself with the form and culture of every nation and penetrates deep though its roots. The pandemic of COVID-19, gave carrefour an immense exposure of the new marketing plans which rescued it and gave it a new strategic insight. The scope of this paper is to study key strategies of this retail giant in Dubai (UAE). This paper also focuses on the various strategies adopted by this retail joint keeping in mind the complete marketing mix and adoption of the new era of online shopping post the pandemic time.

Keywords: Retailing, marketing mix, one stop shopping, consumer and product centric, online, DSF

Introduction

Retailing is a distribution process which involves all the activities which are involved in selling the goods or services directly to the final consumer. It will include all the activities of sale of goods and services to the end consumer who is also the user of these services.

Retail marketing is the range of activities undertaken by a retailer to promote awareness and sales of the company's products. This is different from other types of marketing because it involves selling finished goods in small quantities to the consumer or end user, usually from a fixed location. It is comprised of such activities

related to selling directly to consumers through channels such as stores, malls, kiosks, vending machines or other fixed locations. The savvy marketer must have a thorough understanding of his or her customers to answer the questions that are implied by each of the 4 P's.

As grocery retailers battle for market share, the competitive landscape is changing. While the traditional supermarket retail format still accounts for the largest share of grocery purchases, consumers are increasingly turning to multiple retail formats. Foremost among these are hypermarkets, whose broad selection of groceries and general merchandise provide consumers with the added benefit of one-stop shopping as well as low prices. Within both retail formats, a different kind of shift is playing out on the shelves. In an effort to sustain growth and strengthen their brand, grocery retailers are increasingly offering their own private label brands alongside branded products. These examples demonstrate that the battle for the grocery wallet share is intensifying, and the rules of the game are changing.

Retailing has been an added advantage to the development of any economy. With the opening of retail outlets in a nation, the growth of the economy is lineated. The identification of geographic target markets is critical to the success of companies that are expanding internationally. Country borders have traditionally been used to delineate such target markets, resulting in accessible segments and cost efficient entry strategies. In response to the accelerating trend towards global market convergence and within-country fragmentation of consumer needs, cross-national consumer segmentation is increasingly used. This has helped in consumers of different countries which are grouped based on the similarities in their needs, ignoring the country borders.

Literature Review

Retailing includes all the activities in selling goods or services directly to final consumers for personal, nonbusiness use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing. Any organization selling to final consumers—whether it is a manufacturer, wholesaler, or retailer—is doing retailing. It doesn't matter how the goods or services are sold (in person, by mail, telephone, vending machine, or on the Internet) or where (in a store, on the street, or in the consumer's home). (Kotler keller, 2012).

For the purpose of retailing, it should be prime concern of the marketer to study the marketing mix and then adopt a strategy based the marketing mix of the company. The term 'marketing mix' is a foundation model for businesses, historically centred around product, price, place, and promotion. Activities might include advertising, sales promotion, personal selling, and public relations. This also requires a strategy for communicating with consumers in terms of obtaining feedback and defining the type of feedback being sought. (Marketing-Mix - einfache Erklärung & Zusammenfassung (Approved 2017) Definition of Marketing Research.)

Along with these few points in mind one most important consideration which a marketer should have been the budget assigned to the marketing mix. Successful organizations strongly focus on the service paradigm with investment in people, technology, personnel policy and remuneration systems for their employees. These few points should also be kept in mind while following the marketing mix model.

Supply chain management and maintaining logistics is an important tool for the operational infrastructure and expansion strategies. It has kept in mind its transport, customer support, demand management, procurements which helped it to outstand. (Sandybayev, 2019)

A proper strategy is suggested by analyzing the model of the company and for this the SWOT analysis is done. "SWOT Analysis is a simple but powerful tool for sizing up an organization's resource capabilities sand deficiencies, its market opportunities, and the external threats to its future" (Thompson et al., 2007: 97)

Methodology

The study focuses on the retailing strategies of Carrefour in UAE. Carrefour – "The giant French retailer", captured the market and slowly maintained its position post COVID-19. All the aspects of marketing mix are studied and the strategies followed by them in the UAE market are analyzed. Using a Descriptive research model all the aspects of growth and maintenance of the retailer are studied. The business model is analyzed and the various marketing plans are discussed.

SWOT analysis is further done and the different dimensions of the market are studied because of which conclusions are made. Further, how Carrefour not only survived but emerged as a market leading company post COVID-19 scenarios. With adequate data its position post COVID-19 is explained and studied.

A Study on Key Strategies of Carrefour - UAE

With the analysis of this industry in international parameters there are companies which have been showing tremendous growth. There is again a chain of hypermarkets - CARREFOUR which have been capturing the international markets.

Carrefour is a French group, and a leading global retailer. They are market leaders for over 60 years and are spreading their wings over such a large sector including affordable and accessible products all over the world. They went into carrefour bioorganic range in 1997 and gave the world a whole lot of healthy and organic options.

This paper focuses on the UAE markets with the primary focus on Carrefour (world's second largest retail joint after wall mart which has spread its wings in various countries all over the world). It is a French multinational retailer and has its chain of hypermarkets throughout the globe. It basically means "crossroads" in French.

Carrefour's Business model



Fig. 1. The sales driven model of Carrefour which shows the company's strategy

Marketing mix of Carrefour

The study on Carrefour is made by keeping in mind all the 4 P's of marketing – Product, Price, Place and Promotion



Fig. 2. Marketing mix of Carrefour

Place

Carrefour had originally pioneered decades ago into Dubai, United Arab Emirates. Following a cautious country-by-country expansion strategy into Emerging Markets, Carrefour saw potential in the Dubai emirate. The emirate had a flourishing retail industry and exhibited strong fundamentals in its flourishing economy. The rationale behind adapting the traditional hypermarket was due to the fact that Dubai has a very strong mall culture, owing largely to Dubai's cultural dynamics and harsh climate. The climate in Dubai is often so harsh that going to the mall is one of the few options to keep cool and entertained. Dubai's multicultural and cosmopolitan society has adapted to the convenience of being able to get high quality consumer goods pertaining to their taste and dynamics in one stop shop and people are enamoured by

the popular brands, found in malls. For many of these reasons, retailers must often accept malls as the place to locate their stores.

The Store Layout & placement is classified as below:

- Electronic Goods: Television, Hi-Fi Sound equipment, Computer & office automation etc.
- Household Goods Section: Luggage, house ware, Library house equipment
- Light Household Section: Stationery, sports goods, toys, gardening, camping, car accessories etc.
- Consumer Good Section: Cleaning products, toiletries, cold beverages, biscuits, confectionary etc.
- Accessories Section: Jewellery, watches, mobile
- Textile Section: Kids, children, men, women, home linen, footwear etc.

Carrefour for its entry in this emirate chose the Majid Al Futtaim group, one which owns many malls in the emirate and has credibility across the UAE.

Product

Carrefour's key to success is the hypermarket, the all-in-one shop that sells everything from bananas to baby strollers at discount prices. It was the company's original idea and has now expanded worldwide. Carrefour's price position was as a discounter and used pricing as part of its promotional effort. Because of its strong brand name, Carrefour did not have to worry about brand dilution due to its discounted products.

Promotion

To maintain its leadership in the increasingly competitive retail grocery industry, Carrefour sought to gain more control over its marketing processes and more effectively leverage its business intelligence with the ultimate aim of strengthening customer loyalty and thereby achieving sustained profitable growth in an increasingly competitive environment. To acquire maximum satisfaction and loyalty, grocery retailers have traditionally focused on the most visible and high-profile elements of the customer experience, from the products they stock, to the look, feel and layout of the stores, to the courtesy of their employees. Equally important to customer experience, though less visible, is the value customers derive from their relationship to the retailer through such promotional activities as points-based loyalty programs and couponing, through which retailers reinforce the value of their ongoing relationship with the customer.

Carrefour saw the opportunity to enhance its business performance and become an even stronger competitor by embracing a new promotional paradigm. It recognized the growing importance of customer loyalty to its future growth.

The solution Carrefour conceived is predicated on the idea that loyalty sales and profitability can be enhanced by compelling promotional offers that reflect each consumers individual purchasing patterns. Providing Carrefour's marketers with a

means of designing and executing these offers presented another set of challenges. In defining its needs, one of Carrefour's most important attributes was flexibility—both in terms of the system's ability to configure highly tailored offers for specific customer segments, and in its ability to creatively integrate its promotional activities with its existing loyalty programs.

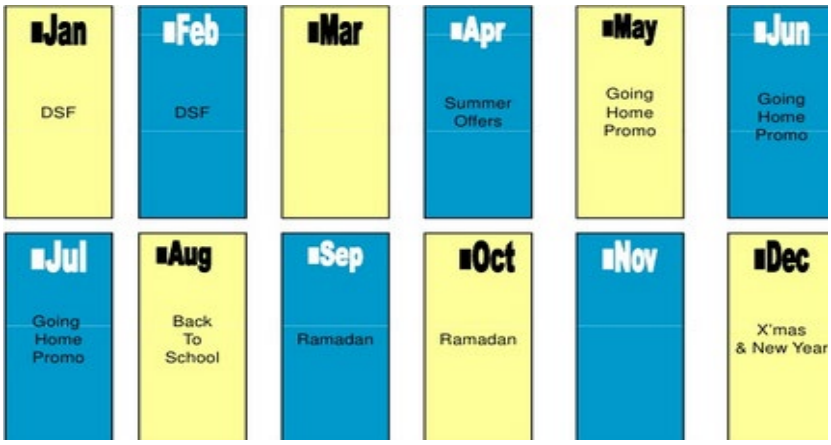
"With this solution, we have a unique opportunity to be both customer- and product centric in the way we manage our marketing campaigns in our different store formats." — Hervé Thoumyre ; Group & France CIO and Executive Committee member at Carrefour

It regularly makes it target customers realize about the upcoming events and about the discounted products by various advertising media. Carrefour lets it advertising regime over the internet media by giving e-catalogues and targets its customers. Advertisements of carrefour are shown in its Facebook page which is one important key strategies of the company. This style of advertisements show an imagery effect in the mind of the consumers and above all the likes obtained by the products induces more buying.

It has identified portions of the market that are different from one another. It has identified these segments and lays down its marketing process based on these market segments. It targets its potential customers and focuses to satisfy their needs.

UAE being a big nation of expats where people from throughout the world come and live together. While they stay here, they live each moment of their life together. They celebrate their -festivals together with full hope and joy. Halloween, Ester, Onam, Diwali and of course the holy month of Ramadan followed by Eid. These festivals of colorfulness are celebrated in this nation by people from all around the globe as they live together. About 90% of the population in Dubai comprises of expatriates. They exchange gifts and purchase sweets, chocolates and other requirements for their festivals.

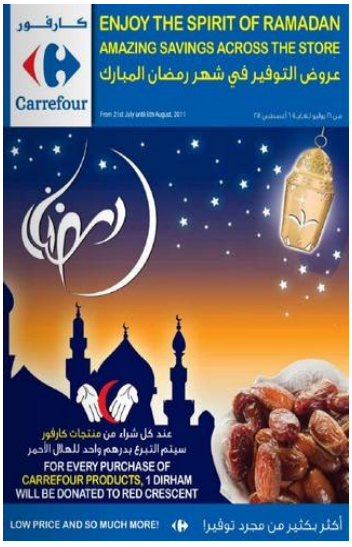
Carrefour's Promotional Calendar looks like:



Pic 2: Promotional Calendar

Carrefour being a great retailer uses its different promotional strategies and caters to all the people with different needs. It celebrates Christmas, Diwali, Eid and many other festivals of different nations together (Pic 3). The outlets are dressed differently during the festivals of each nation thereby caters more and more people, fulfills their needs and persuades them to constantly visit the outlet and enforces repurchase. It provides heavy discounts, e-catalogues and coupons on these festivals. Carrefour even distributes it handouts throughout the nation.

During the Dubai Shopping Festival (DSF) Carrefour again gives heavy discounts as it is the time when buyers from all over the world visit Dubai for its extraordinary discounted products. In 2021 about 3.2 million visitors were expected to visit Dubai during these 32 days Dubai Shopping Festival (as per Khaleej Times Report).



Ramadan offers



Diwali in Carrefour

Pic 3: Catalogues of Carrefour

Price

On the criteria of pricing, Carrefour provided products with heavy discounts. As discussed earlier during the various events it gave products with lower prices as compared in the market. This proved to be the USP of the company.

Carrefour's overall pricing was heavily promotional, with frequent sales and special discounts supported by weekly circulars, its private label also offers products at a lower price.

Carrefour Ranks 1st – In Consumer-friendliness Index

The Commercial Compliance and Consumer Protection (CCCP) sector in the Department of Economic Development (DED) in Dubai has announced the first-ever index of businesses in Dubai classified on the basis consumer-friendliness.

The indexing was based on customer service levels in 24 leading outlets in the Hypermarkets, Automobiles and Electronics categories and a survey of 1,700 consumers in Dubai.

The key criteria in the classification were: consumer satisfaction and consumer perception of the business (60 per cent); the number of consumer complaints received and the time taken by the business to solve the complaint (20 per cent); and a comparative analysis of product prices in the outlet and its competitors (20 per cent).

According to the survey findings, **Carrefour stood top** in terms of customer loyalty in hypermarkets with a strong preference among 90 per cent of the consumers, and scored the highest – 69 per cent – in consumer loyalty in the Electronics sector.

SWOT Analysis – Carrefour

Strengths of Carrefour

- Low priced items
- Use of coupons and heavy discounts on products.
- Consumers of different geographic locations in one emirate (Dubai)
- Strengthening the loyalty of retail grocery customers through more targeted promotions.
- Increased revenue through more targeted promotional campaigns
- Greater control over marketing strategy and customer relationships resulting in stronger customer loyalty and a stronger Carrefour brand.
- Deeper knowledge of customers via analytics and segmentation
- Shorter campaign planning to execution cycle
- Closer supplier relationships Lower

Weaknesses of Carrefour

- Long waiting queues for customers because of less employees and absenteeism of employees is more as they are not much satisfied with the salary structure of the company. The employee turnover is more.
- Cases of theft are more in the company and investigation of a particular employee costs higher.
- Searching for good employees for Carrefour is difficult as they need a good level of experience and such people will demand more from the company.

Opportunities of Carrefour

Opportunity basically means a situation or a condition which is suitable for any action to happen. It is the advantage or the driving force. It helps the firm to continue or move forward. Opportunities are those that would yield positive results for the organization determined as a result of the analysis of its environment. Competition presents organizations big opportunities. For example in UAE there are many companies giving carrefour hard competition in the field of retailing. LULU hypermarkets, UNION COOP are few big giants giving tough competition to carrefour. Intense work force is also a point of opportunity and keeping this work force intact is a hard nut to crack. This being a great opportunity can help the company to grow.

Threats of Carrefour

Threats are a condition that jeopardize the activity and refers to the disadvantageous situation. As it has this property it, has a negative characteristic that should be avoided or taken care of.

For organizational managements, a threat is the element that makes it difficult or impossible to reach the organizational goals. Threats are situations that are not favorable for the organization (Ülgen and Mirze, 2010:161). They can constitute an impediment to the success of the organization, and cause unrecoverable damages.

For such a company as carrefour which has a strength of its employees, maintaining the task force and retaining them is a big threat. The giant inventory system with the maintenance of cost is again a threat in this global environment. UAE being a nation having maximum imports can cause a threat to the existing firm.

Carrefour also has some external threats which can be controlled in order to the changing environment.

Carrefour has continuous threat of change of buying behavior as the pattern is changing and the shift is more over from instore to online buying.

Government policies keep changing which poses a threat and time consuming for the company. For ex. The implementation of VAT in UAE had to change the whole billing structure and many more formalities while purchases are being made.

The retail industry is becoming more and more price competitive. As the other stores are reducing the prices, carrefour has to be in competition to reduces the prices.

Advantages of SWOT Analysis

SWOT Analysis is a method to compare the internal and external factors to generate ideas about how their firm might become more successful. In general, it is wise to focus on ideas that allow a firm to leverage its strengths, steer clear of or resolve its weaknesses, capitalize on opportunities, and protect itself against threats. Carrefour being a big giant in the retail industry is continuously reviewing its process and coming up with a new strategy each and every time.

Unveiled in 2018, the Carrefour 2022 plan embodies the goal of bringing eating well – healthy, fresh, organic, local food – to within everyone's reach. To become the world leader in the food transition for everyone, they identified four key areas in which they were working at both global and local level. (Carrefour group strategy)

- streamlining the organizational structure to make it more agile, without losing sight of their end customers
- achieving gains in productivity and competitiveness
- creating a leading omnichannel ecosystem uniting stores and e-commerce
- overhauling the food offering with emphasis placed on greater quality

Digitalization of Carrefour

Covid came as a disaster across the world which changed the lives of many people across the world. The whole world suffered and many people across the globe faced monetary, emotional and social problems. In this situation of stress and unexpected happenings the mind of the consumers was also changed. The competitiveness of the stores changed from store size to high level of service. The consumers were now demanding convenience from all the supermarkets.

In the conditions of stress and trauma, the consumers shifted their focus from cost effectiveness and in store luxury to service which is quick and efficient and available on WhatsApp and e-portals. Meeting the needs of new level of expectancies of customers, digitalization became the priority and had to be implemented. Home deliveries were increased wherein elders and all the people at home had to be supplied with quick service.

In this context, retailers rapidly sought to provide customers with a seamless mobile and desktop shopping experience. It was also crucial to embrace an omnichannel strategy (A strategy in which consumers are served by all the channels of marketing starting from WhatsApp to app-based shopping to Instagram shopping) in terms of distribution, promotions and pricing.

Carrefour had to keep in mind the excellency of the customer experience (speed, personalization, clarity) which was always their priority. Their goal as an operator of essential services, was always to ensure access to quality food to everyone during the lockdown. In these circumstances, technology could only be an accelerator and savior which helps the retailer to survive and prosper in this field.

Philippe Peguilhan, country manager of Carrefour UAE in 2020 during the covid times stated about the retailing of gulf business of Carrefour. It was mentioned it the report (gulf business) about the agility of exercise of shift in the customer preferences and the company's retail transformation in a wink of the eye. A quick evolution of the operations, guided of course by the shifting needs of our customers became the priority and need of the hour.

Specifically, there was a big rise in demand for their online shopping services when compared to the same period in 2019. As a result, they started replenishing stocks more frequently and increasing resources at the fulfilment centres to guarantee timely delivery to customers who choose to shop online.

With all these transformations taking place carrefour planned a **click and collect** strategy for their survival of business. This served them to emerge as one of the leading groups which also survived during this pandemic.

Carrefour's online customers now had the option to collect their orders from select locations, avoiding the need to shop in-store yet still giving them control of when they collect their goods. Having taken this concept a step further, they launched the Automated Click and Collect service at DIFC, which dispenses online grocery orders to customers through a dedicated robot.

The pandemic also required an evaluation of their in-store offering and how they could balance customer and employee safety with the need to maintain the exceptional experience customers expect from them. The safety of their employees and customers has always been Carrefour's number one priority as told by the country manager.

In order to recently keep in sync with the inventory, they launched a new fulfilment centre in Dubai's Al Garhoud to optimize the delivery of online orders. Many self-check-in counters were also opened at Wafi Mall in response to this situation.

Carrefour sales rose to 300% amidst of this situation of Pandemic all because of the instant digitalization and the changes in the corporate policy. As stated in an interview by Arabian Business magazine, the Majid Al Futtaim Retail CEO Hani Weiss mentioned about the development of its outlets as Mini Fulfilment centres to meet the increasing demand. It was the time when people were stocking up everything at home and mostly were working from home. The rise of most of FMCG products like soaps, sanitizers, masks, printers, routers etc helped in the business growth of the giant.

Moving forward to the results declared by the company in first half (H1) of 2022, the conglomerate recorded a 73 percent (AGBI, 2023) year-on-year rise in digital grocery sales in the first half of 2022, helping its total pre-tax earnings to rise 18 percent. The company, which operates the Carrefour supermarket brand in the Middle East, Africa and Asia, said earnings before interest, taxes, depreciation, and amortization in the first six months of the year amounted to AED1.9 billion ($517 million), as revenue rose 15 percent year-on-year to AED18 billion.

While revenue for the retail segment grew nine percent in the same period to AED14.4 billion, digital sales surged 73 percent to AED453 million. (Jan 09, 2023, AGBI)

Carrefour strategy 2022

Carrefour is always known to be the leaders in retail sector. It had devised a strategy in which it focuses on the local produce which is healthy, organic and is reaching to

maximum people by all focused means and channels. It embodies the goal of bringing eating well to everyone's reach. For this purpose, the giant devised a strategy which rests on following four pillars.

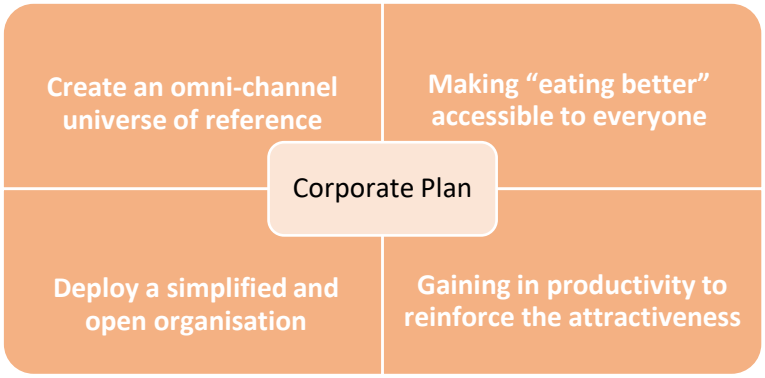


Fig 4. The corporate plan

Discussion

The findings of the study conclude with the retailer as one of the leaders in the UAE markets, who had always being transforming itself in lieu with the changing economic and natural problems inferring at all times. On analyzing the strengths of the company, it was highlighted that the company is having long terms plans of customer loyalty because of which it is always a consumer centric company. It focuses on its promotional plans and keeping in mind the inventory and its retail system.

The management of the group is always ready to change itself with the changing situations. All these are very much shown in the digitalization of Carrefour. It adopted a very different strategy in the time of COVID-19, when even in challenging times it survived and flourished. The weakness at the time of pandemic in UAE was the management of logistics and deliveries, which started piling up because of increased number of orders. The retailer very strategically shifted to token system in sequence of the placement of online orders, which helped it maintain its policy of satisfaction of each and every customer in the market.

The study also explains about the way the company handled the pandemic and survived with a vision to grow further at an increasing rate. Among such a situation its sales rose by 300% at a particular moment of time which is an exemplary example of the effective leadership and control.

Conclusion and Recommendations

The review of the activities and the strategies reveals that Carrefour processes rely on the effective planning and analysis of the strengths and weaknesses. Among the major advantages of the retailer were it effective costs and planning, its distribution

system, its policies of quick transformation and the availability of a wide range of products.

The study concludes by giving an exhaustive view of the retailing strategies and marketing mix of the retailing giant Carrefour. The company has a very stable position in terms of product, price, place and promotional strategies. In order to not to be wiped out from the market, Carrefour did not delay in switching over its strategy from instore to online shopping instantaneously. It made transitions as it was the need of the hour, to perform or to perish.

SWOT Analysis which has been used over the last fifty years in the field of strategic management is a valuable technique for planning and decision making. In the strategic management process a number of analysis techniques are used to achieve long-term goals of an organization.

The post covid study of the policies of the companies' strategies have also shown the need and adoption of digitalization by carrefour which could help it sustain its position in the retail markets.

This study presents the keen understanding of the UAE markets with respect to Carrefour as one of the biggest retailing giants.

Added research can be done on adequate management of long queues, which can be one of the points to be highlighted as a change. A separate division of pharmacy can be added in the list of products, division and layout of the store. Although digitalization is the need the hour, more emphasis can be given on store visits as it increases the 'touch and feel' aspect of the products and can increase in emotional marketing of the related products.

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