

Retail

Carrefour to unveil cost cuts and digital push

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The new chief executive of Carrefour is set to unveil a multimillion-euro cost-cutting programme and a ramped-up digital strategy as part of a long-awaited transformation plan to boost growth at the world's second-largest retailer by revenues.

At Carrefour's strategy day on Tuesday, Alexandre Bompard, who took the helm of the struggling French retailer in July, is set to announce a five-year initiative to improve performance over the next few years.

This is likely to involve tens of millions of euros in cost cuts from the

retailer's two head offices in France, according to two people familiar with the plans.

Carrefour is the largest private sector employer in the country and any redundancy programme would need to be negotiated with its trade unions.

Carrefour, slow to embrace e-commerce, is under pressure to improve its profitability and cash flow generation.

Its over-exposure to hypermarkets, particularly in France, once drove growth but has become a liability as the format has lost favour with consumers.

In Brazil, its second-largest market outside France, it is facing an environment of food-price deflation.

"Mr Bompard faces two different kinds of challenges," says a Carrefour shareholder.

"There are the old challenges of increased competition in France and macroeconomic difficulties in South America, and the newer challenges of e-commerce and digitalisation."

Mr Bompard's wide-ranging transformation plan for Carrefour is set to address areas including its digital strategy, the structure of the organisation, its international footprint and improving its product offering.

This month Carrefour lowered its operating profit forecast for 2017 for the second time in six months.

