

EconoMag

The Show that demystifies Economics

French Business – part 1

Carrefour

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France has many of the top businesses in the world, and this week we'll look at some of these French companies that have a wide global influence and that are often the best in the world at what they do. First off we'll visit the Groupe Carrefour, which, (if you are French you'll certainly be familiar with the name), is the biggest retailer in the country. But the group has also expanded across the globe to the Asian, African and American continents.

Of course, in such a sector it is hard to be number one for a country as small as France is in terms of population. The world number one in the retail market is, of course, Wal-Mart, which has a total revenue of \$476 billion, while CVS Caremark comes in second with \$126.8 billion. Carrefour is 4th in the world with \$102 billion, just behind the British retailer, Tesco. The good news for Carrefour is that it is growing faster than its competition, thanks to strong development in China.

The company was founded in 1958 by Marcel Fournier and Denis and Jacques Defforey, when they opened their first store near a crossroads, a “*carrefour*” in French, in the outskirts of Annecy. In the following 20 years the group expanded, opening not only more shops throughout France, but also increasing their size to “hypermarkets”, and in 1970 the company went public. Carrefour not only crossed the Atlantic to Brazil in 1975 and Argentina in 1982, but it has also spread throughout Europe with numerous locations in Belgium, Italy and Spain, as well as in Africa, the Middle East and Asia.

What was once a small family super-market, began to spread internationally in the 1980's when the chairmanship was given to Michel Bon, the first time someone from outside the family had taken control, because the family members themselves could not agree on the direction of the company. But it was in 1992, under the next director, Daniel Bernard, that the company really began to establish itself as a multinational retail giant. Stores opened in Mexico and Malaysia in 1994, in China in 1995, in Thailand, South Korea and Hong Kong in 1996, and then in Colombia, Chili and Indonesia in 1998.

In that same year, Carrefour merged with Comptoirs Modernes, taking control of the “Stoc” supermarket; greatly expanding this retail format within the group, which consisted mainly of hypermarkets, commonly known as superstores in the United States. By doing this, Carrefour increased its world ranking to become the fourth largest retail group in the world.

At the start of the 21st century the company continued to expand and develop in France and worldwide via the creation of their “Hard Discount” stores Dia and ED. Today in France, Carrefour is number one ahead of Auchan, Casino, and Leclerc, and will remain in this position for the foreseeable future. But it is rumored that Auchan and System U might merge, and if this happens they will have a 21.5% share of the market, jumping ahead of Carrefour, which has 20%. In terms of revenue, however, Carrefour will still be ahead, due to their aggressive strategy of expanding into emerging countries like China and India

To end today's subject, when you look closely at the Carrefour logo, updated in 2009, it is not only an elaborately shaped arrow pointing toward the right, but there is a hidden 'C' within it. Tomorrow we will explore the company that made Liliane Bettencourt the richest woman in France and which is a globally well-known household name.

