

# How the digital revolution transformed Casino's commercial strategy

by

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## Overview

At a time when hypermarkets are looking for a new lease of life in the face of competition from e-commerce (which is taking an increasing market share), and changing consumer patterns, leading retailers are debating the place of digital transformation in their global strategy. The Casino Group, a French mass retail group, has chosen to carry out its digital transformation by relying on its multiple brands and large network of sales outlets. It is developing a marketing strategy where the aim is to co-ordinate the available different distribution channels including 'physical' shops, catalogues and websites, in order to give its customers a broader and more personalised shopping experience.

Report by Pascal Lefebvre • Translation by Rachel Marlin

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Seminar organised with help from the Directorate General for Enterprise (Ministry of the Economy) and thanks to the sponsors of the École de Paris:

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### The Casino Group

The Casino Group is a multinational company based in France and Latin America which has a multi-format and a multi-brand development strategy. In the food sector, it is the leading retailer in Brazil and Colombia. Its turnover in 2017 was 38 billion Euros (half of which was generated in France) and its operating profit was 1.5 billion Euros. The extent of its retail activities requires a substantial workforce. The Group has 270,000 employees, of which 72,000 are in France.

As well as its historical brands including Géant Casino, Supermarché Casino and Petit Casino, the Group also owns Monoprix, Franprix, Sherpa, Visa, Cdiscount, and Leader Price. With a network of 9,200 sales outlets in France (and 13,000 globally) and 25,000 own-brand references, Casino is the leading retail network in France, and this fact is crucial to understanding the Group's digital transformation. Because sixty percent of French households shop at least once a month at a Casino-owned retailer, we have a great deal of data about our customers' consumer habits. Lastly, our group's purchasing organisation, which we have shared with Intermarché (a French hypermarket and supermarket chain) since 2014, is now the largest in France due to the recent alliance which we have created with Auchan Retail in April 2018. The Auchan and Casino Groups, as well as the Schiever Group and the German Metro Group, are establishing a series of new purchasing alliances both in France and abroad, called Horizon.

Our positioning as a multi-brand and multi-format company is based on the broad variety of our retail outlets, ranging from supermarkets to hypermarkets, urban department stores (such as Monoprix), specialised shops (such as Naturalia), as well as local convenience stores (such as Franprix and Sherpa). We are the leaders in the latter sector in France. We also own Leader Price, a hard discount shop. Because of this extensive network, the Casino Group makes 60 million transactions every month.

Additionally, Casino is the second largest e-commerce company in France after Amazon. France is in fact the only country, apart from China, where Amazon faces real competition, primarily from our Cdiscount activity which has nearly half Amazon's business volume, therefore placing it very far ahead of all the other companies in this market. Since 2000, because of the inclusion of Cdiscount in our Group and the large number of our sales outlets, we have an extensive 'click and collect'<sup>1</sup> network, and this is a key factor enabling us to offer our customers an efficient digital strategy. Finally, we own the leading French logistics network dedicated to e-commerce which includes warehousing stockage of 500,000 m<sup>2</sup>, and this area is constantly growing.

### Increasing importance of e-commerce

Retail distribution was quite straightforward for a long period of time. However, during the post-war years, the sector underwent massive change with the emergence of hypermarkets, own-brand products, and the realisation that, because of the increase in the use of private cars, it was possible to put everything under one roof. The hypermarket model, which included a surface area of 15,000 m<sup>2</sup> or more and large car parks to accommodate customers arriving by car and leaving with shopping trolleys as full as possible both with non-food and food articles, is now set to change because of the effects of e-commerce. The consequences of this huge transformation on the physical networks were initially felt by the rapid increase in the amount of money spent, in particular on non-food items bought on the Internet and not in hypermarkets.

More recently, e-commerce has started to compete with traditional retailers in the food sector which is their core business. In France, retailers responded by offering a 'Drive' service (the French equivalent of 'click and

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1. Service offered to customers allowing them to reserve or order products online before coming to pick them up in the shop.

collect' or a 'drive-through' service), allowing consumers to shop online before picking up their purchases in the shop. Choosing and collecting the articles from the customer's order (otherwise known as 'picking') is done either by shop staff, or by logistics experts in a specialised supermarket warehouse (or 'drive solo') which is not adjacent to the supermarket. These two models are very different in terms of human resources management.

E-commerce is becoming increasingly important in France: it represents 32 billion Euros spent on physical goods (excluding holidays and catering). In 2017, 33.5 million French people shopped online at least once a year, making 500 million purchases, with a yearly average of 16 individual purchases. E-commerce's global turnover is constantly growing in double figures, and in 2017, its turnover exceeded \$2,000 billion.

This necessarily involves change and greater competition, with the appearance of new companies such as Amazon, Alibaba, and Tencent, alongside traditional retailers such as E. Leclerc, Auchan, and Carrefour. The latter are now under constant pressure, and, for the newcomers, entrance barriers which existed when they first entered the market were considerably higher than they are now. When the traditional retailers first began opening a 15,000 m<sup>2</sup> hypermarket, creating a range of 25,000 own-brand products and building a dense network of shops, it was not at all easy compared to today where creating a website and starting to sell products on the Internet is relatively easy, especially if someone else is in charge of the logistics.

All of these factors encouraged us to reconsider carefully how we conduct our commercial activity. The 'Drive' system has become the most popular method of food shopping in France and has grown by 40% over the past three years which easily surpasses growth in 'physical' commerce. This reflects a global tendency.

## A different customer experience

Before the Internet, a retailer's life was relatively simple. The customer came to the shop, purchased items, consumed them at home, and returned to the shop the following week. We had started to offer loyalty cards and send out mailing lists, but this did not transform our activity.

Since the arrival of the Internet, we have progressively moved in different stages towards a 'dual channel'. The first stage was 'multi-channel retailing', demonstrated by the emergence of the 'Drive'. Until that point, the only possibility available to the customer was to go physically to the shop to make his purchases. The 'Drive' service offers an alternative, and because of computers and Smartphones, the customer can access a new interface which allows him to do his shopping 'virtually' before collecting it later.

'Cross channel retailing' was the second stage. This process involves the customer scanning the groceries he wants in the shop and then arranging for them to be delivered to his home. There are far more options, and at any place and time he can choose how to do his shopping and when he wants his groceries delivered. This satisfies a dual need: firstly, to be able to choose a specific delivery time for an order according to when one is free and therefore making it a reliable method of delivery; and secondly, the possibility of receiving an 'emergency' delivery, one or two hours after one has placed an order. In this case and because of the urgency, the system may be subject to a few more flaws, either related to the delivery time or whether one accepts buying a product which is not identical to the one ordered due to the lack of availability of the requested item.

These forms of retailing are the two dominant tendencies in terms of food distribution, and it is our priority to ensure that the customer has a satisfactory solution. For the time being, cross channel retailing does not account for a great deal of volume, and only emerged in France when Amazon Prime arrived. It is therefore quite new, but clearly satisfies customers' requests. It is likely to grow in size despite certain constraints in terms of referenced goods and specific delivery times.

Currently, we are not able to ensure a delivery fifteen minutes after an order has been placed because this would incur huge logistical costs. However, it is possible to deliver within one or two hours after an order has been made. It will no longer be necessary for the customer to be present in the proposed delivery time-slot because of the emergence of 'connected locks' which Franprix has already tested. The delivery person will be able to open the customer's door and put his groceries in the refrigerator without the customer being present. Furthermore,

in the future refrigerators will be connected, and, depending on the customer's consumption habits, they will be able to detect what is missing or what is past its sell-by-date and subsequently write up a list of the customer's needs so that the customer can then instruct the refrigerator to order what is necessary via his Smartphone. Technically, we now know how to do this. However, in order for this method to be successfully adopted, the customer needs to trust the delivery person implicitly and for the security to be watertight, and this will take a long time to establish.

Nowadays customers have become extremely demanding. Until recently, they tolerated a rather poor and impersonal experience which included long waits at the check-out, difficulty in finding all the items on the shopping list, inability to pay by credit, and so on. Now, coming to the shop is a choice, motivated by the social shopping experience it represents or simply as if the shop were a tourist attraction, as is already the case with shopping at Ikea. Rather than long queues at check-outs, customers will be able to use the 'one-click' buying technique: Amazon already proposes 'dash buttons' which are connected devices enabling customers to order certain products easily over the Internet. Whereas today the promotional catalogue is identical for all customers, in the future, we will be able to offer a highly personalised selection to our customers.

## More demanding customers

Projects carried out by Casino and its various retail chains will have to try to 'marry' or enhance online with offline opportunities, ranging from simple services to more complex ones, starting with the 'click and collect'. This is a process which is easy to set up and is essential. It is undoubtedly among the reasons for Cdiscount's success. Our initial aim was to create a synergy between Cdiscount, a so-called 'pure player' in e-commerce and the leading furniture retailer in France, and the other Casino retail brands which, because of the 'click and collect' process, provide Cdiscount with the physical capacity to offer customers the possibility of buying types of products, particularly very heavy products, which are not easy to deliver in a rapid time-frame using the usual means of logistics. It is no coincidence that Amazon also encounters problems with these kinds of products.

The next service in terms of ease of use is the 'shop and go'. Monoprix is a very successful example of this method: the customer does his shopping in the shop, pays, leaves his trolley, and the shop then delivers the contents of the trolley to his home in the next thirty minutes.

The Cdiscount 'shop-in-shop' is a more elaborate shopping experience. As its name suggests, it is a store within a store, a shop covering 500 m<sup>2</sup> within one of our retail shops, and due to this concept, it is the first time a hypermarket has been able to sell furniture. The first shop-in-shop opened in 2017 in a Casino hypermarket. It was such a success that we repeated the experience in 35 other hypermarkets. The aim is to bring to the 'physical' world the best of the 'virtual', Internet experience. This depends on the complete availability of the goods. More than 500 references are displayed in the shop's show-room on a self-service basis, and a further 50,000 other references are on offer and accessible by consulting digital tablets which allow the customer to visualise the products. Products can be picked up at the 'Drive' facility at the back of the shop the day after the purchase. The sales team are all equipped with digital tablets. They are able to access Cdiscount's own offer or that available on the Cdiscount Marketplace, in other words where there are a total of 2 million references (of other distributors) ensuring the same delivery conditions as those stated on the Internet website.

Compared to the Internet offer, the advantage of these shop-in-shops is that it is possible for the customer to be able to see and touch the products. This is particularly important with regard to furniture and interior design items. Even though one can read previous customers' comments on Internet sites and blogs, and there are an increasing number of conversational *bots*<sup>2</sup> to compensate for the lack of online advice, the possibility of discussing articles with a sales person, in particular products in the hi-fi department or the large domestic appliances sector, is a very important asset for customers who want human contact.

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2. Bots are increasingly used in IT and interact with users via conversations or search engines.

The long-established trend for lower prices on the Internet means that shop-in-shops can bring their prices into line with those practised in shops. Customers are reassured that they are paying the same price, regardless of their method of purchase, and since Cdiscount is systematically the least expensive, this guarantees the most advantageous conditions for the purchase.

Finally, in order to supplement the advice given to customers by our sales representatives, we have developed specific formats providing 'augmented information'. With the help of electronic labels which can be scanned by customers' Smartphones, customers can consult all the information available about an item on the Internet, ranging from customers' comments, the product's technical characteristics, and even price comparisons, when they are in the shop. This is the first case of an 'enhanced experience' which is an information complement and goes well beyond the simple Internet experience. Many customers come to our shop-in-shops having seen the product on the Internet, in order to see whether the product is a true representation of its description on the website. This concept is constantly evolving because we are changing our product offer all the time.

## An enhanced shopping experience

A second example of digitalisation in the shopping process is the launch of a new customer loyalty scheme app available in Casino's traditional retail shops. The aim is still to integrate the advantages of the Internet into the physical world. This app enables the customer to create his own dematerialised loyalty card in order to streamline his shopping experience. It aims to avoid the major nuisances with which the customer is faced when shopping, such as long waiting-times at the check-out, or realising once he has arrived back home that he has forgotten an item, and so on. After the customer has given us his consent and we have his bank details, we are able to issue him with a loyalty card. This enables us to give him a personalised experience which is enhanced with additional services which include three innovations.

The first innovation is the 'scan express' process, also known as 'scan and go', which allows customers to scan products which are on their list while they are in the shop. They pay using the app by walking through an electronic gate which opens, and prints out a countermark as proof of purchase, following which the customer may be subject to a random check of the items bought in order to discourage fraud. As a result of the algorithms we are developing, we only check between 10 and 15% of customers. By avoiding the use of check-out tills, this experience makes for a much smoother purchasing process.

The second innovation is the option of paying using one's Smartphone. At the check-out, the teller can scan a specific QR code from a customer's Smartphone which was generated by using the app. The total sum of his purchases is then charged to his credit card (whose details were already recorded) and appears on his loyalty account. Credit card transactions currently take between thirty and forty seconds, whereas this procedure takes less than ten seconds. This time-saving possibility may appear tiny, but on a large scale it is not negligible.

The third innovation concerns the 'wish list', but we should mention that no-one has yet found the solution to shopping lists, even though all the retailers are working on it. Nearly half the French population, for want of anything better, write their shopping list on a piece of paper, and it may seem absurd that every week they make a new list even though many of these purchases are the same from one week to the next. At Casino, we have started working on more elaborate shopping lists which, based on customer habits, ask customers whether they would like a specific product or even suggest ideas to accompany certain products, such as sauces or condiments for example. We also intend to automatically categorise products according to their department and supermarket shelf, which with time should help the customer to find items in the shop more easily.

## Customisation of customer relations

Customising customer relations is an underlying trend in our activity. With a dematerialised loyalty card, we are now able to make personalised suggestions to our customers which are directly noted on their accounts. Casino is undoubtedly the only shop which offers this service to its customers. Every week, the customer receives coupons

which are related to his consumption habits or his needs. We are able to compile this due to in-depth analysis of the data we have available about our customers. When he goes shopping in the shop, he can use these coupons to benefit from reductions when he comes to pay. It has been shown that this system is more advantageous than the volumes of paper catalogues which are distributed in letter boxes.

Whereas on the Internet it is possible to calculate instantly the cost of one's purchases, the same is not true in a shop where one is most likely to discover how much one has spent when one arrives at the check-out. On the other hand, an enhanced experience enables the customer to know in real time the cost of the articles which he has scanned, which is generally very appreciable. Even though some shoppers who have a small budget have always used this method in order to avoid a 'bad surprise' at the check-out, other shoppers who are less concerned about the cost of their purchases because they have a more flexible budget, are nonetheless very satisfied to discover not only the amount they have spent but also the savings they have made. There is no doubt about the prices in these cases. This price transparency also weighs on the ingredients and the quality of the products because all the retailers are currently trying to inform customers better about products via different apps.

Payment facilities, common on the Internet, are now an important factor which enable us to personalise our customer relations. Cdiscount, one of the pioneers in payment in four instalments free of charge, has developed 'scoring' systems<sup>3</sup> which are very elaborate and are based on the frequency and the time at which customers connect to the Internet, the products chosen, and so on. The physical shop had a minor role to play in this as only the customers who had the loyalty card could access this service via the payment terminal. The Casino Group can now offer deferred payments whereby the customer can choose either the day in the month following his purchase when he wants to be debited, or whether he is debited in four instalments. Finally, the customer always has informations in real time on his Smartphone which may be useful, such as the days and opening times of the shops he uses.

## Warehouses or a network of shops?

We are currently working hard on our proposition of dual channels because a large majority of French customers still do their food shopping in shops, and few use home delivery services or the 'Drive' service. The development of home delivery, such as the service offered by Franprix, is another of our priorities. The only way to deliver goods in less than thirty minutes or an hour is to rely on the sales outlets. Even though the delivery model from a warehouse can incorporate delivery times in approximately two hours, it would not be realistic to suggest quicker delivery times unless one can rely on the sales outlets for assistance. This can be illustrated by an example from the Franprix app which enables customers to place their orders which can be delivered to their homes within thirty minutes. This works because it relies on physical sales outlets which operate in real time. With 9,200 sales outlets, the Casino Group exists throughout France, and we should benefit from this strength in order to build our multi-channel experience. This also requires significant back-office management logistics. One has to choose the shop from which the delivery will leave, and inform it immediately so that it can complete the shopping list and give the goods to a delivery person to deliver them to the customer by foot or by bicycle, depending on the distance.

Two other experiences are good illustrations of the difference between non-urgent needs (one or two days after the order has been made), and immediate needs. We recently created a partnership with Amazon, via its Prime network, to ensure the delivery of our customer-ordered products prepared in our Monoprix shops. Having tried out the model which uses just warehouses, Amazon considered that for urgent needs it was better to rely on a network of shops and shop employees who prepare the orders themselves. The 'hub' (ie. the sales outlet) is therefore much closer to the end customer.

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3. In marketing, 'scoring' is a technique whereby one attributes marks to a customer or a potential customer. The score obtained generally corresponds to the probability that an individual responds to a marketing request or is the intended target. The score, therefore, measures the customer's 'appetite' for potential offers.



For non-urgent needs, the Group created another partnership with the 'pure player' Ocado in the United Kingdom. Over the past twelve years, Ocado has become the world leader in e-commerce, both in terms of sales volume and in available product references. 95% of Ocado's warehouses are automated and the only human intervention is at the end of the chain where fresh, frozen and temperate products are sorted according to temperature. The most impressive characteristic, apart from the very rapid time taken to prepare the orders, is an unequalled rate of 99.9% product availability before substitution, and 100 % after substitution. Ocado's promises to deliver all the items on a customer's shopping list to his home within a time-frame of twenty-four to forty-eight hours, which generally meets customers' expectations.

## Logic of the Internet purchase

Experiences vary between wanting the delivery to arrive very quickly, thereby accepting a degree of imperfection in the products supplied, and relying on a network of sales outlets like Franprix, and insisting that the order be carried out perfectly with the best priced products, but incurring a longer wait (delivery) time.

To illustrate the special feature of the e-commerce food shopping process, one should compare it with Amazon. According to the Amazon model, which is typically for non-food commerce, the client is identified, chooses his product and pays for it. The rate of change from an intent to buy and the actual purchase is close to 100% and the rate of customers abandoning their purchase during the online purchase is minimal.

Ocado developed a completely different model based on understanding that even though sometimes food shopping can be a chore, it can also be a source of pleasure. The chore relates to the fact that the shopping experience is made up of repeat purchases which are always identical, and can be easily automated. On the other hand, the pleasurable aspect lies in the choice of the quality of food products when they are literally in front of the customer on the shelf. Even though it is more natural to shop for food in a shop, Ocado has been able to recreate this experience in what it refers to as the 'logic of the exit tunnel'. Just before the customer pays, Ocado shows the customer up to seven additional products which may tempt him: having completed the least satisfying part of the shopping experience, it is now time to indulge ! The idea is that although this customer may not have thought of one of these products spontaneously, he might need or want this product, and therefore he should be offered it immediately.

If a shop is determined by many practices carried out on the Internet, the opposite is also true. The Internet should be regulated by the factors which bring value to the shopping and purchasing experience in order to produce the most complete experience possible. The emergence of 'augmented reality' in food e-commerce opens up new possibilities.

## Discussion



**A speaker:** *How do you plan your purchasing suggestions, in particular with products such as processed ham where there is a huge amount of choice?*

**Cyril Bourgois :** You are raising a crucial technical question concerning the underlying nature of a product in terms of its constituent parts. We have two options. Either we can list methodologically the desirable characteristics of the product. For example, with the ham it has no rind, there are four slices, and it is produced by Fleury Michon. This method, however, does not correspond to the usual way in which customers do their

shopping. Ordinarily, they make up a generic list of products as 'ham, bread, eggs, yogurt' etc., with a few exceptions of well-known brand names, such as Coca Cola.

Alternatively, we can make categories from the shopping list, starting with the customer's uses and the way in which he expresses his needs. We are considering an option which consists of transforming this into a list of products. Simply put, according to his needs, the customer sees a variety of products, organised by his consumption patterns. If we know that he usually buys four slices of Fleury Michon ham without a rind, this will be the first product which we offer him while allowing him the possibility to change his mind if he wants to, or deciding to buy an article which is on special offer in the shop.

**Speaker:** *How do technical changes fit into your model and interact with the workings of the traditional structure?*

**C. B.:** Our main source of difficulty is getting staff in shops to accept these new tools. This involves the Group's human resources policy, and there are two major issues. Firstly, one needs to consider the information and training given to our very large number of employees in a highly competitive environment. We are currently working hard on this, but it takes time. The second issue concerns our teaching skills. Our staff have difficulties with digital tools, often seeing them as threats to their jobs. This is especially true of our cashiers. In the future, we envisage a transformation of our various activities, and giving more emphasis to customer advice. Scanning products all day in a sitting position is very tedious, therefore it should not be difficult to eradicate this task provided that we manage to transform this activity and mould it towards one where advice is given. We need to do this because the reason customers continue to come into shops is to seek advice which they are not able to do on the Internet.

One of our problems is the great difficulty in recruiting for the food service professions such as bakers, butchers and fishmongers. Training is long, complicated and the work conditions are often limiting especially with regard to the length of hours worked. It is no coincidence today that hypermarkets and supermarkets are recruiting high-quality butchers who are sometimes the highest paid employees in the shop. Today they have become a precious resource, and the advice they give customers is often the reason why customers come back to the shop.

### A passive or an active customer?

**Speaker:** *Are elderly customers, who often have reduced mobility, one of your targets for your home delivery service?*

**C. B.:** Not only are we targeting an urban clientele which comes home late from work, but also the elderly, as well as families with young children who find it difficult to be mobile.

**Speaker:** *When you talk about the shopping list, I get the impression that you think that the customer is somewhat passive and that he has little margin for manoeuvre. Are you analysing ways in which he could be more involved in the purchasing procedure?*

**C. B.:** Tests were carried out by Cdiscount which enabled customers to negotiate the price of articles which featured on their lists in situations where there was a room for manoeuvre. In the digitalised world, it is possible to display a degree of flexibility. For the time being, we have put more emphasis on personalised price reductions which we see as solutions where the customer is both passive and active. He is passive because we are the ones who decide to offer him price discounts, and he is active when he decides to include discounted articles among his purchases. We are also looking into subscription systems which have proved to be successful both for Ocado as well as for other leading e-commerce food retailers, and which are based on the Amazon Prime model. In these cases, the customer pays a small annual subscription which allows him to have a number of personalised advantages. The e-commerce retailer negotiates with his supplier's temporary price discounts which are advantageous to his subscribing customers on a specific category of products. These customers then choose the supplier from whom they want to purchase their items at a reduced price. This is subject to change every month. This method encourages customers to be more active by letting us know the product categories which interest them.



**Speaker:** *You have created a partnership with Amazon which has developed its delivery logistics using aeroplanes and boats. Is Casino prepared to go to these lengths?*

**C. B.:** We are prepared to go quite far! This raises the question of the profession's transformation. Retailers, whether they are conscious of it or not, are in the process of becoming active in the tech industry. An important part of our activity in the future will be our B to B business, whereas in the past, mass retail was the key player in B to C. Cdiscount is an important part of e-commerce in France and now sells 'fulfilment' services to sales people in its Marketplace who are B to B customers. A sales person who is trying to make a business in this sector is necessarily interested by logistic services like warehouse storage or delivery to end customers.

## Migration towards B to B

**Speaker:** *Why did you not create a website (called 'My Casino') with a system based on a multi-base platform? This would have given you access to a huge database and enabled you to develop synergies.*

**C. B.:** The historical strategy of the Casino Group in its current configuration of being multi-format and multi-brand is so that it can offer its customers a format adapted to each of their needs. Creating an umbrella 'MyCasino.fr' website regrouping all the services would be contradictory because our digital strategy has to be consistent with the Group's global strategy. However, this does not necessarily mean that we are not going to try to exploit every possible synergy between the different brands.

For these reasons, we created a subsidiary, RelevanC, which centralises all the data concerning transactions carried out by loyal customers in all the Group's shops in France, and sells this data both to research institutions and advertisers in order to target people for publicity campaigns and to measure performances in our sales outlets. For example, we are able to estimate with a certain degree of probability whether a person has two, three or four children because of his cereal consumption and the clothes he chooses. If, for example, a car manufacturer is attempting to promote a people carrier, intended for families with several children, we will suggest that we will carry out a campaign targeting a segment of customers to whom we will send advertising for this car via the Internet.

In this way, we are selling our expertise in handling data by migrating towards B to B. This is also what we are doing with our logistics expertise. Retailers all over the world are starting to question how they can have a return on investment on all the transactions and their degree of control over the end customer.

**Speaker:** *Are your fellow retailers following the same path of change as you, and, if so, how does your approach differ from theirs?*

**C. B.:** Since we have more brands than our rivals, we are able to use them to suggest made-to-measure solutions to meet customers' needs in a more differentiated and diverse way. One of the challenges in this digital transformation is to move very fast. However, this means that we must not be alone, and that we have to agree to rely on people who know better than we do how to concentrate on our core business which is where we think our value lies.

We are currently questioning the activities which we should carry out ourselves, and those which we can put to one subcontract in order to give our customers the best shopping experience. For example, when we want to create a Cdiscount shop-in-shop, we run into the problem that the IT systems of two of our brands, Cdiscount and Géant Casino, are not identical, and yet this is essential for them to be able to communicate with each other. Rather than handle it ourselves and launch important in-house changes, we decided to call upon 'middleware'<sup>4</sup> specialists, and their expertise enabled us to prepare specific interfaces in just a few weeks.

There is another advantage to our organisation. In this type of project, the teams which I supervise intervene in a 'commando' method, in other words in a small group. They do not intervene because the teams of the

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4. In IT architecture, 'middleware' is third-party software which creates an exchange network of information between different IT applications.

brands are not competent, but because they are concentrated, as they should be, on operational management. This centralised team accompanies them and enables them to accelerate the transformation by bringing cutting-edge expertise. There are also synergies which bring together skills. Certain resources are rare, and therefore it is in everyone's interests to pool them by creating areas of expertise. We have to do this throughout the Casino hierarchy and not just at a brand level.

## Nourishing a world of diversity

**Speaker:** *In digital strategy, the Group's ecosystem is crucial. Some of your rivals play the 'socially responsible' card and demonstrate a citizen-based approach. Is this part of your strategy?*

**C. B.:** This is a major challenge for us, and the Group's slogan is 'Nourishing a world of diversity'. Compared to our rivals, we have the most prominent corporate social responsibility policy. In Colombia or Brazil, where a certain proportion of the population has urgent nutritional issues, we are carrying out very important food aid programmes. In France, we have taken a strong stand to ensure the quality of the food supply chains and food traceability. These subjects are necessarily at the core of the Group's activities even if today supply and demand are not always balanced.

**Speaker:** *How do you include your employees and the employee representative bodies in all these changes which could make them fear for their jobs?*

**C. B.:** We include them systematically in two ways. Early on, we ask our employees for their opinions on the factors which they find to be most interesting in the light of their commercial experience and their experience with customers. If we did not do this then we would be unaware of important subjects.

As far as the employee representative bodies are concerned, it will all depend on the projects as some are more sensitive and likely to spread fear among the trade unions. We consult them systematically, shop by shop, and we do not roll out projects in shops which we think are too sensitive.

I firmly believe that the concept of a shop which has no employees, such as Amazon Go, where one enters the shop with one's Smartphone, where all the items one puts in one's shopping trolley are scanned and recognised because of cameras which are constantly present, and where leaving the shop without ever going through a check-out or having human contact is not a viable solution. It is a surprising experience and a sign of spectacular technological progress, but it is hugely expensive and is a very 'inhuman' experience which basically only offers what the customer can find on the Internet, and is not at all adapted to the customer's expectations.

People still go to food markets on Sunday mornings because this is an agreeable experience for them, one where they meet other people, and can catch up with their favourite vegetable producer or fishmonger. I am convinced that the future of the physical shop relies on the presence of a committed and qualified staff. We should progress from a model in which there are many professions which do not require many qualifications and are sometimes tedious, to a model based on the service professions within a shop. This substitution will take time, but it is a necessary condition to enable us to diversify and enrich the services we want to offer our customers.

■ Presentation of the speaker ■

**Cyril Bourgois:** director of operations, and in charge of digital transformation in the Casino Group. He began working for Casino in 2014 as assistant director for strategy and planning before being appointed director of group operations at the end of 2015, and then took charge of digital transformation in 2017. Before joining Casino, he had various jobs in the French government share-holding agency within the French Ministry of Economy and Finance. He is a graduate of HEC Business School, École polytechnique and Paris VII University.

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