



GRUPO PÃO DE AÇÚCAR



The relation between food retail and globalization





Calculate the percentage of imported product participation in the CBD stores sales



Offering imported goods for retail:



■ ■ Original product
French wines



Offering imported goods for retail:

Exclusive product

Cod from Norway



Offering imported goods for retail:



 Product of desire

Swiss chocolate



Offering imported goods for retail:



Stock leveling

Broken harvest



Under any criteria, the percentage of imported goods at CBD is not higher than 5%



Participation of imports within CBD (2004)

Groceries

Imports | US\$ 11,354,304

Part % | 0.44



Perishables

Imports | US\$ 27,935,717

Part % | 3.71

Non foodstuffs

Imports | US\$ 10,052,538

Part % | 1.37



Would this mean that globalization has little effect in **the relation between retail and food industry in Brazil** ?



Would this mean that globalization has little effect in **the relation between retail and food industry in Brazil** ?

ABSOLUTELY NOT!



Brazilian products are impregnated with globalization





Globalization has globalized Brazil

**Globalization
of retail**



**Globalization
of agriculture**



**Globalization
of a country**

**Globalization
of agriculture**



Brazil is one of the **main players**
in agricultural commodities

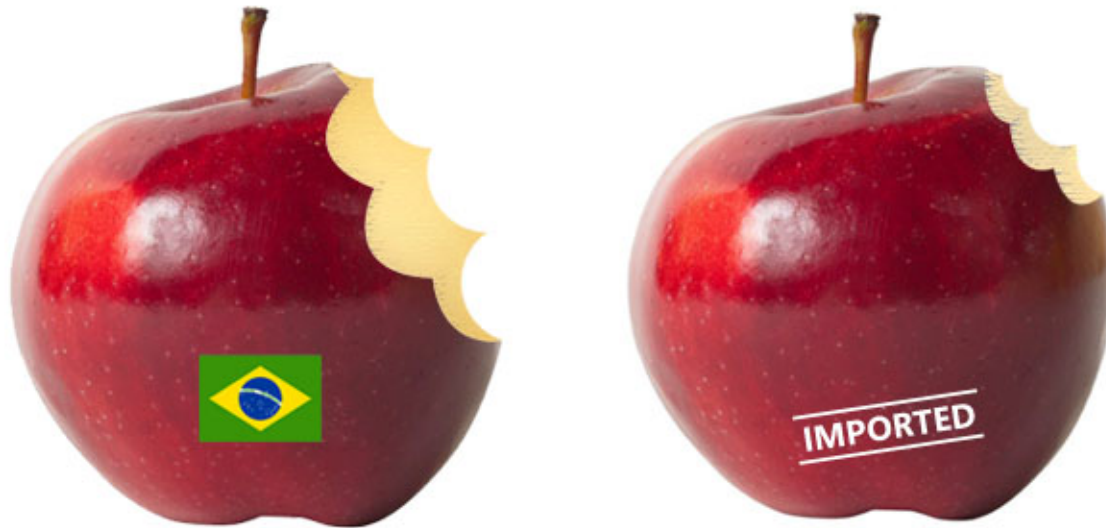
although

**Agriculture is not
subsidized in Brazil**



Brazil is one of the **main players**
in agricultural commodities

although



**Brazilian products have a higher
tax duty than imports**



Brazil is one of the **main players**
in agricultural commodities

although

The more competitive Brazil becomes,
the more barriers other countries impose on Brazilian products



Brazil reacts with more productivity

Therefore, globalization affects the

quantity



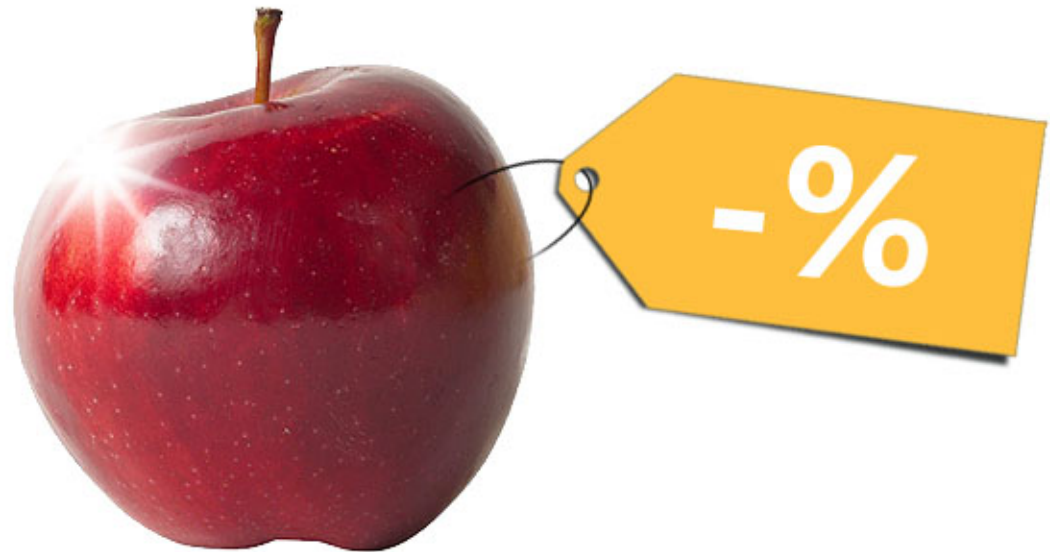
Brazil reacts with more productivity

Therefore, globalization affects the
quality



Brazil reacts with more productivity

Therefore, globalization affects the
price



Brazil reacts with more productivity

In Brazilian agricultural produce
in the internal market



The Brazilian agricultural producer gained in competitiveness thanks to globalization



On the one hand
joined the competition
in a globalized world



On the other hand
imported equipment
and information





Better equipped and having access to more information, the Brazilian producer enjoys favorable conditions:

territorial
extension



climatic
conditions

plenty of
labor





**Globalization
of a country**

A country with:



8.5 million km²
2.12 million acres

180 million
inhabitants

**2.5 million
points of sale**

became integrated





**A country that,
in 1990 counted on**



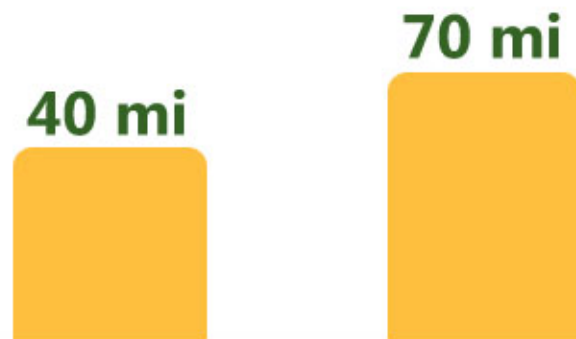
fixed
telephones

zero



cellular
telephones

in 2005 it counts on



fixed
telephones



cellular
telephones

**98% of income tax statements
delivered through the internet**



Brazil, with its 8.5 million km² became

integrated



**Globalization
has globalized
Brazil**



Brazil, being

culturally diverse



with great social inequalities



was capable of getting to know Brazil



Through communication technology



The opportunity appeared for
retail to get to know their consumers



Globalization of retail



Retail in Brazil, a widespread country, is not very concentrated



In this context, CBD has invested in technology and methods to:



know the
consumer better



serve the
consumer better



CBD appeared in this context

197

Neighborhood
supermarkets



227

Popular
supermarkets



72

Hypermarkets



55

Electronics
stores



The greatness of CBD



43 million
transactions/month



105.000 items



Produced by
7000 suppliers



Transported for storage in 7
CBD distribution centers

to be distributed to
CBD's 553 stores

and displayed in around
200 thousand shelves

throughout the
8.5 million km² in Brazil



Sales area (sq. foot)



Income per capita
(per year)
US\$ 6.300 € 4.500

December 2004	n° of Stores	Sales area (sq. foot)
	197	2.605.670
	72	5.373.190
	164	1.971.110
	63	1.131.650
	55	358.920
	551	11.440.540



CBD stores distribution map

Goiás

 1

Distrito Federal

 13  3

Minas Gerais

 3

Mato Grosso do Sul

 1

Paraná

 11  2



São Paulo

 124  148  39  55

Piauí

 3

Ceará

 19  2

Paraíba

 6

Pernambuco

 2  8

Bahia

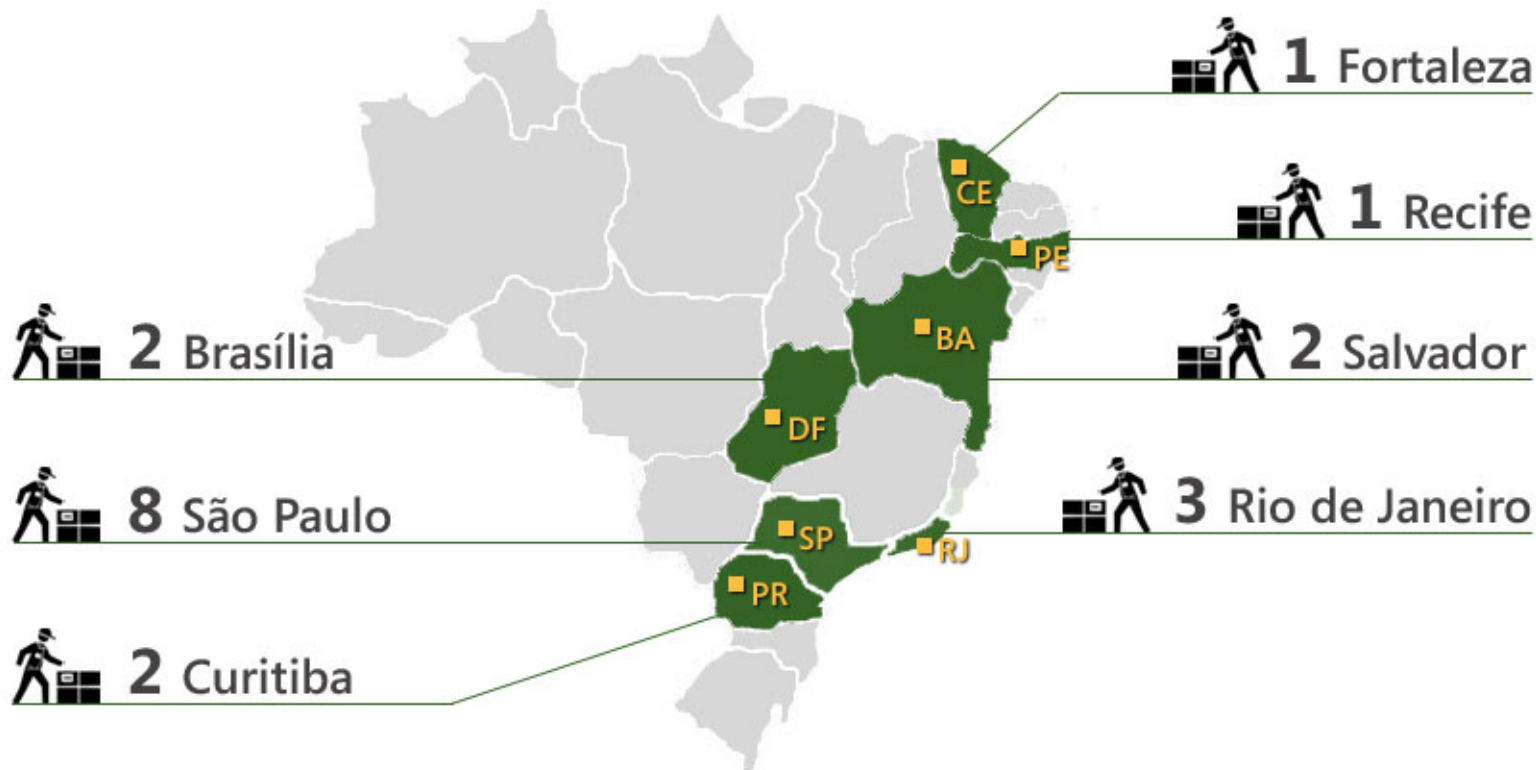
 3

Rio de Janeiro

 63  18  16  11



CBD distribution centers map



In a widespread country,
CBD concentrates information
research on **diverse consumers**



with diverse needs for

products

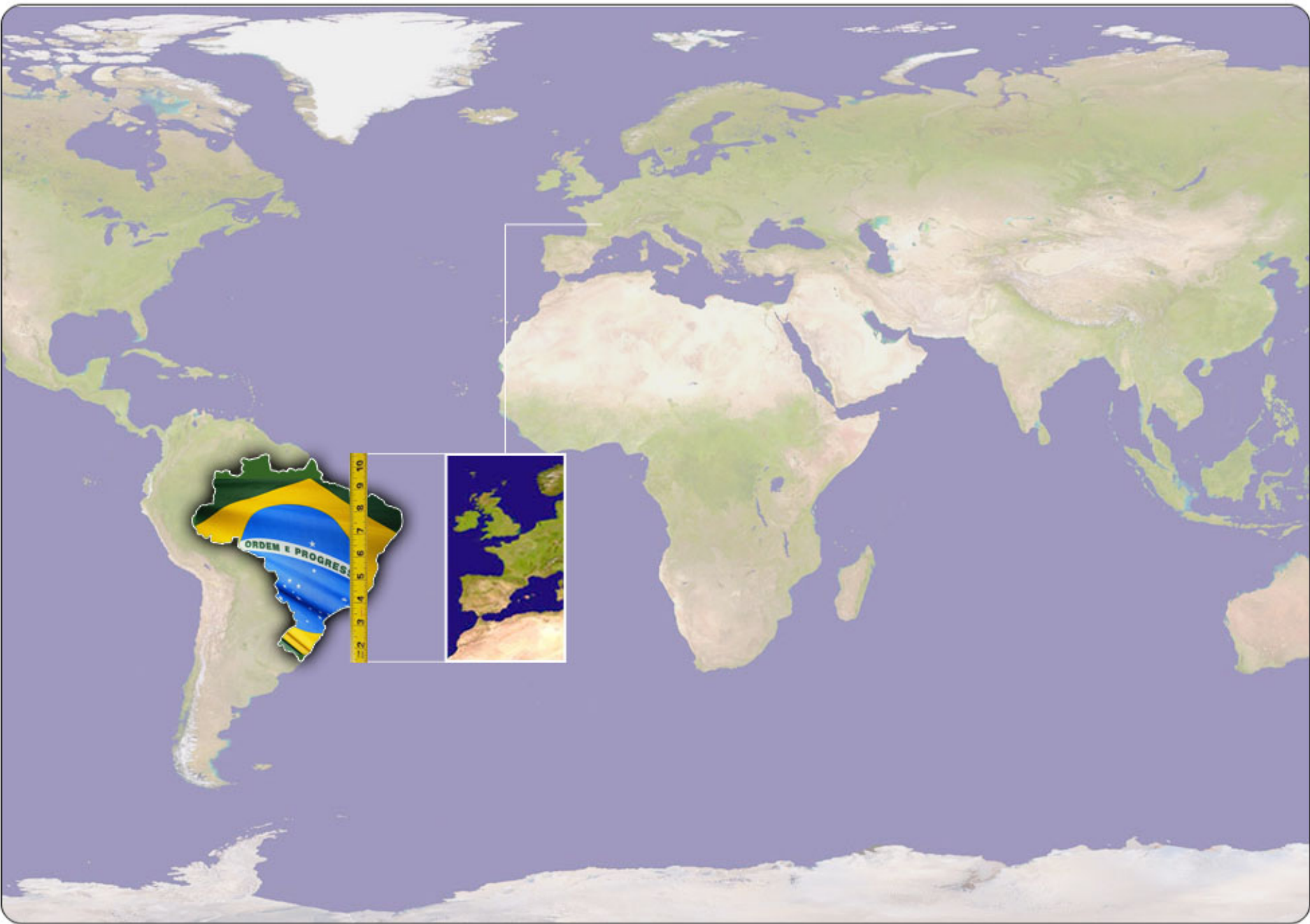
services

**and in
constant change**

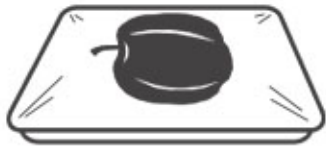


**This knowledge about the consumer
determines the assortment of products offered**





CBD not only gathers information about consumers in Brazil, it concentrates on:



Private Label



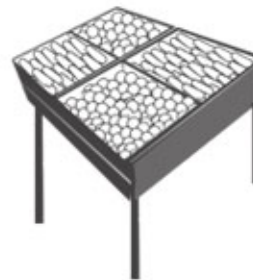
Purchasing



Logistics



Quality control



Displaying in
agricultural
produce stores





Product development involves the following stages:



Delivery and presentation of the overheads and package log to the suppliers

Laboratory analyses of samples

Audits in suppliers' factories

Sensitivity tests with the consumer public





Product development involves the following stages:



Negotiation and Contracts

Package development

Package production,
product and supply

Reception





CBD's private label are aimed at:



Seek
consumer
loyalty



Create a competitive difference
in all our Private Label designs vs the competition



Strengthen the image



Enhance profitability
of each one of our banners





Physical presence of a CBD representative:

- The **distance** between cities

- **Small availability** of flights





We negotiate:



quantities



prices



payment conditions



quality levels





To offer what the consumer wishes means:

search

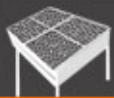


store







distribute





Supplier participation in each Area

	Qty of suppliers 20/80	Qty	Total supply	Part. in sales
 Groceries		167	3.010	74,2%
 Perishables		122	1.230	5,0%
 Non foodstuffs		231	2.789	20,8%
 Total CBD		520	7.029	100%





To offer what the consumer wishes means taking care of quality through:

laboratories

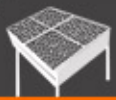


standards



techniques

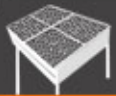




Once products are purchased, having the respective quality controlled and stored

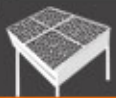
they just need distribution to the points of sale and displaying them





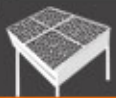
Displaying in agricultural produce stores





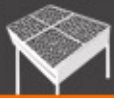
Displaying in agricultural produce stores





Displaying in agricultural produce stores





The logistics end in the stores includes:

following the stock levels

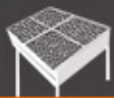
assessment of demand

controls

reception

storage





Displaying in agricultural produce stores

and, from there on, the stores take care of displaying to provide a unique experience for the consumer:



displaying on stands, theatricalization











HORTIFRUTI

PROCESSADAS

LEGUMES

FRUTAS





Sendas

Seja bem-vinda.

Venha inaugurar uma Nova Sendas na sua vida.



HORTIFRUT



SALGADO

FATIADO

CONGELADOS

AÇOGUE

OFERTA

RS 8

LIMÃO 403 523
COMPRE SEM COMPRE SEM

ABACAXI 245 157
COMPRE SEM COMPRE SEM

OFERTA
RS 8



SABONETE
LUX
SHAVE 90G
0,45



PERFUMARIA









Globalization has stimulated competition

Brazil, especially Brazilian **agribusiness**, reacted with productivity



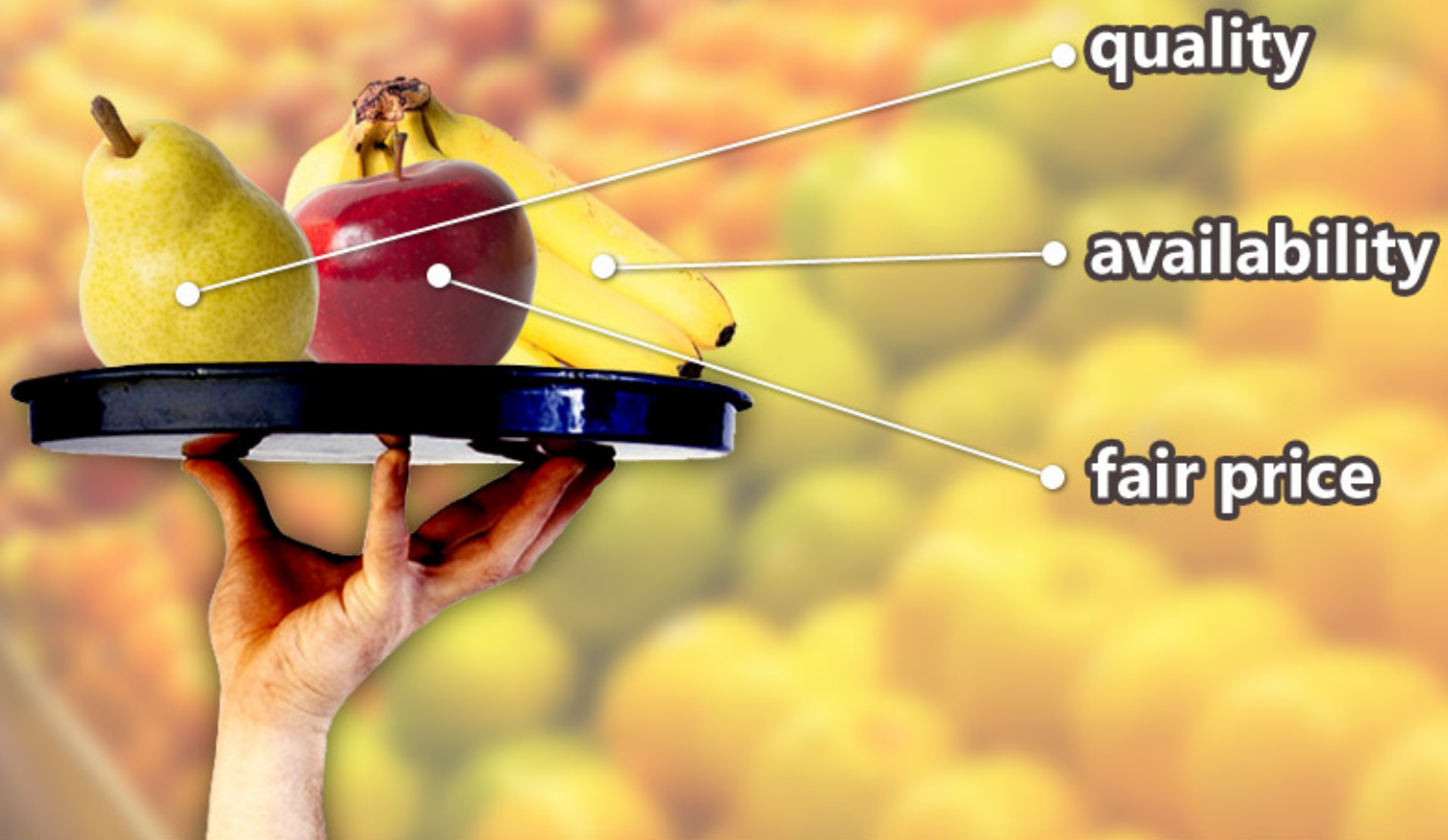


Globalization increased access to information

The consumer reacted by demanding



CBD listened to the consumer and reacted with:





Globalization has affected
Brazil and CBD





GRUPO PÃO DE AÇÚCAR



extra



Sendas



Pão de Açúcar

