

TALKING ABOUT SIAL, THE GLOBAL FOOD MARKETPLACE

THURSDAYS AT

RETAIL

SIAL²⁰¹²

The Global Food Marketplace

T'S "FOOD CONNECTIONS" TIME!

SIAL AND INTERMARCHÉ: AN EXCLUSIVE PARTNERSHIP

SIAL Innovation 2012 products in around 1000 of Intermarché's French stores for the duration of the exhibition.

PRICE, DRIVE-IN, OWN BRAND AND SUSTAINABLE DEVELOPMENT:

the 4 retail challenges.

NEWS TO BE ENJOYED WITHOUT MODERATION



CONNECTIONS

World innovations

Paris. 21-25 Oct.2012

Paris Nord Villepinte - France

www.sialparis.com

IT'S "FOOD CONNECTIONS" TIME!

"The best way to anticipate the future is to take part in a large-scale event, at the heart of the world's agribusiness..."

SIAL provides one of those rare opportunities to benefit, in the space of five days, from a glimpse into what this future may have to offer," declares Olivia Grosbois-Milan, SIAL Group Director.

"The 'Food Connections' concept that we are launching this year," she goes on to say, "is no mere slogan. It is doubtless the most faithful reflection of what SIAL is really all about: an international event that brings together the professionals from the agribusiness (central purchasing, retail, local business, manufacturers, suppliers, restaurateurs, etc.) and helps to forge mutual links, affinities and relationships. In short, 'connections' that are comparable to those rich in multiple connections that the synapses establish between the neurons of a healthily stimulated brain."

BUSINESS CONNECTIONS

In this way, the "Food Connections" initiated by SIAL aim above all to guarantee optimal return on investment for all those taking part in the exhibition, whether these be the 140,000 visitors, the 6000 exhibitors or the 1500 journalists who are expected to attend.

With a rich and well-balanced cross-section of companies of all sizes from 100 or so countries, SIAL is clearly a global business trip in microcosm.

As a space for activities and interactivity, SIAL 2012 will be a singular experience with multiple treats on offer... the singularity of a user friendly reception structure offering "facilitator" services... the multiplicity of the proposed solutions and of the information provided to enable discovery of the landmark trends, major innovations and reality of the market of tomorrow. "We are determined to make SIAL far more than just another Expo...", says Olivia Grosbois-Milan in conclusion: "We intend for it to be a true space of exchange and discovery, mixing business with pleasure".

INNOVATION CONNECTIONS
WITH SIAL INNOVATION AND SIAL D'OR

Since it constitutes a powerful vector for added value and the best stimulant for consumption, innovation is

a key generator of growth and sustainability for companies in the food business. In France, the food business carefully nurtures the sense of innovation, with almost half of the companies in the sector devoting at least 10 % of their revenue to Research & Development (source: French Ministry for Agriculture, Food, Fisheries, Rural Affairs and National Planning and Development).

In order to highlight the numerous innovations of its exhibitors, SIAL 2012 is rolling out a dual mechanism of promotion and discovery: SIAL Innovation and SIAL d'Or.

SIAL Innovation offers insight into all the innovative products and agribusiness consumption trends worldwide. It also offers a physical showcase for almost 400 innovative products out of the 1000 registered.

This is complemented by SIAL d'Or, which rewards the innovations that have proved a commercial success on the national markets of each of the 29 countries represented.

SIAL Innovation and SIAL d'Or are combined this year for the first time so as to offer everyone (visitors, exhibitors, the media) a more comprehensive and coherent perspective into innovation: innovation seen from all angles!

RETAIL CONNECTIONS

SIAL 2012 looks towards the future of retail in order to satisfy the curiosity of the 67,000 professionals from the sector (mass retailers, central purchasing agencies, local trade and retail) who will be thronging through the aisles of the exhibition. They alone represent almost half of the visitors to SIAL, and this year heralds a new chapter: an exclusive partnership with Intermarché, which will offer a pick of the products from the SIAL Innovation 2012 selection for distribution in 1000 or so of its French stores throughout the duration of the exhibition.

140 000
VISITORS6 000
EXHIBITORS200
COUNTRIES
REPRESENTED

RETAIL

PRICE, DRIVE-IN, STORE BRAND AND SUSTAINABLE DEVELOPMENT: THE 4 RETAIL CHALLENGES.

Rarely in the history of retail have the store chains been faced with such a challenge: pursuing their growth on mature markets where the volume growth is barely impacted by the demographic effect (+0.4 to +0.5% per year in France, for example). In this "tense" context, retailers are faced with four major challenges: ensuring price competitiveness, meeting customer demands for the drive-in service, reinforcing their own brand products and, over the longer term, making sustainable development an integral part of their business.

1- ENSURING PRICE COMPETITIVENESS

Historically, price competitiveness has always been the key driver for store brands when catering to the general public. Already as far back as 1852, Aristide Boucicaut, the founder of "Bon Marché" (and by the same token of modern food retailing) was already focusing on "smashing the prices". Since then, each successive commercial revolution has been characterised by the same dual phenomenon: progressive marginalisation of the standard sales model for want of competitiveness, followed by the emergence of new, more competitive players. In 160 years, the famous theory of commercial evolution has never failed to apply: "Forms of trade live by price and die by price".

Over the short term, in France and elsewhere, price primacy continues to be undeniable. In France, the top supermarket chain in terms of market share (Leclerc, 18%, up 0.6 pt according to Kantar WorldPanel) is also the cheapest, by every available yardstick (Iris/Nielsen/Opus). In France it is precisely in the area of price that Carrefour intends to regain the initiative in 2012 with the "Low Price Guarantee". The price may not be all there is, but there's nothing doing when the price isn't right! It's a similar scenario in the United States: under attack on its domestic market, Wal-Mart regained the price initiative at the end of last year, and the results were felt almost immediately, with the end of nine consecutive quarters of falling sales (like-for-like stores).

2- RESPONDING TO CUSTOMER DEMANDS FOR THE DRIVE-IN SERVICE

Initiated in June 2000 by Auchan in Leers (Nord département), and picked up by Chronodrive at Marcq-en-Barœul (also in the Nord département) in 2004, the drive-in, a genuinely French phenomenon, has really taken off over the past two years. With the notable exception of Match, all the store brands are today present on this incipient market: from Leclerc to Carrefour, Leader Price to Simply Market. And with just cause: customer satisfaction reaches levels never before seen for a vending mode. According to KantarWorldPanel, 96% of customers declare themselves to be "satisfied with this mode of shopping", 92% have "already recommended it to a friend" and 48% consider it to be "their favourite mode of shopping".

This satisfaction is fairly understandable considering the efficiency and simplicity of the principal: basically, the stores do the shopping on behalf of their customers while guaranteeing the same price as in-store and without adding any service costs. Currently, the drive-in represents 2% of market share (source: Kantar) and, bearing in mind the openings in the pipeline, this should grow to 3% of the French food market in 2012.

**THE PRICE
ISN'T ALL THERE
IS, BUT THERE'S
NOTHING DOING
WHEN THE PRICE
ISN'T RIGHT!**

FOCUS
THE DRIVE-IN: AN INCREASINGLY POPULAR SERVICE...

Although the drive-in might today seem to constitute a fairly "marginal" retail channel, its rapid development means that it looks set to be a big success, and soon.

- In 2010, drive-ins were used by only 2.7% of French households; in 2011, this figure had gone up to 6.9% - a 255% increase in a single year!

The same can be said of the market share in France:

- In 2010, drive-ins only accounted for 0.6% market share; in 2011, this figure had already gone up to 1.9%: a +300% increase in just one year!

- In 2011, drive-ins represented 80% of the growth of the Auchan brand for fast-moving consumer goods (FMCG).

The reasons for this success are easy to understand:

- 89% of customers say they use drive-ins for reasons of time and practicality.
- 65% of them appreciate being able to enjoy their free time instead of wasting time shopping.
- 53% of them are aware that they are less likely to succumb to in-store temptations.

Keeping in



CONNECTIONS

DEVELOPING
QUALITY
 RATHER THAN
 QUANTITY

Images by  www.stockfood.com



3 - REINFORCING THE STORE BRANDS

It would appear that the store brands are stuck in a rut. In France, for example, their market share is stagnating: 33% in 2009, 32.7% in 2010 and 32.9% in 2011 (according to KantarWorldPanel). This situation is identical, moreover, in several European countries, in particu-

lar those in which the store brand share is already high (e.g., United Kingdom = 43 %, Spain = 31 %, Germany = 32 %).

In reality, even if their share of the average shopping basket seems to have hit a plateau, their role in the brand strategy continues to be reinforced, since they constitute a genuine vector for differentiation. This differentiation is expressed through the ingredients, the ranges and, above all, the packaging. We can therefore interpret the recent facelift that Monoprix and Carrefour gave to their own-brand products as two examples that are indicative of a development that concentrates more on quality than on quantity.

In the countries that are less commercially "mature" (South America, Asia), the development of store brands remains, however, largely quantitative. Their market share remains low: 5% in Brazil, 6% in Colombia, 2% in Taiwan, 1% in China (source: Nielsen). A major part of the future growth of store brands worldwide will therefore be the consequence of an expanded product offering.

22 %

OF VISITORS TO SIAL 2010
 DECLARED AN INTEREST IN STORE BRANDS
 (26% OF FRENCH VISITORS)

2,800 EXHIBITORS,
 OR ONE EXHIBITOR IN TWO,
 PROPOSE THEIR OWN STORE BRANDS.

MADE-TO-MEASURE TOOLS:

- THEMED TOUR SPECIFIC TO STORE BRANDS,
 WITH A GUIDE LISTING THE EXHIBITORS
 PROPOSING STORE-BRAND PRODUCTS FOR ALL SECTORS
- STORE BRANDS WITH THE EMPHASIS ON INNOVATION:
 A SELECTION OF STORE BRAND PRODUCTS PRESENTED AT SIAL INNOVATION 2012.

FOCUS

INTERMARCHÉ: A STORE BRAND APPROACH THAT IS UNIQUE...

As part of the Les Mousquetaires group founded in 1969 by Jean-Pierre le Roch, the Intermarché independent store chain is today one of the key players in the European food industry. It has its own particular vision of how to use store brands and accompanies this with a specific approach by means of which Intermarché clearly posts its interest in product quality, innovation and sustainable development. Through this approach, Intermarché aims to secure the loyalty of its customers, provide them with clear references on the shelves and propose gateways between the segments so as to create a stronger emotional tie between its own brands and the consumer.

Unlike most of its challengers, who use brands evocative of the particular chain and who make use of suppliers, Intermarché is developing a quite different strategy. Acknowledged for its pioneering status over 35 years, and as the French leader and expert in the management of the store brand portfolio, Intermarché draws on the unique skills network of its industrial division and its 60 units producing meats, processed meat products, delicatessen products, drinks, cereals, milk, groceries and non-food: 45 % of Intermarché's own brands. There are specific and distinct brands, according to the markets, designed to cultivate true legitimacy: Monique Ranou (cured meats), Jean Rozé (meat), Pâturages de France (milk products), Capitaine Cook (fish preserves), etc. These are brands that are fundamental to the group, providing innovative and competitive responses to the expectations of each market segment and guaranteeing both independence and control of the supply chain, since by procuring the production units, the Intermarché group of independents has created several production catchment areas for all its food lines, and possesses the largest fishing fleet in France.

Today, at Intermarché, more than one food product in two sold there is a product of one of its own brands.

Intermarché

... AND SUSTAINABLE

On the ground, day-to-day, the industrial division works with the farmers on local development. For 35 years it has worked hard with them on fostering efficient and lasting partnerships. Its role: to continue improving relations with farmers across all production lines in order to encourage, via unique and original solutions, the local initiatives in each production unit. The challenge: ensuring the sustainability of the agricultural and industrial businesses that need to adapt permanently to the markets in a highly changeable economic and regulatory context.

It is through dialogue, local initiatives and proximity that the manufacturers of Les Mousquetaires and their farming partners are able to develop choice agricultural products, testifying to the quality of the food products created in the production units of the group. The charters of good animal husbandry, the technical specifications and the contracts drawn up with the producers, livestock farmers, arable farmers and vineyards ensure compliance with the strict criteria for meeting the quality, taste, nutritional, environmental and societal demands of consumers.



INDUSTRIAL DIVISION OF LES MOUSQUETAIRES

- 3.2 billion turnover in 2011, up by 8.2%
- No. 1 own-brand manufacturer in France
- 60 production units in 38 départements.
- 11,000 employees
- 12th largest French agri-food group

OBJECTIVES:

- 4 billion turnover by 2015, of which 30% to come from sales outside of the Les Mousquetaires group
- Getting into the Top 5 of French agri-food groups

LES MOUSQUETAIRES

- 37 billion turnover in 2011, up by 6.1 %
- Store chains: Intermarché, Netto, Bricomarché, Rody, Poivre Rouge.
- Intermarché is present in France, Poland, Portugal, Belgium and the Balkans.
- With over 3000 independent company managers, Les Mousquetaires constitutes the largest group of company managers in France and the second in Europe.

IN 2012 INTERMARCHÉ BECOMES A PARTNER OF SIAL!

INTERMARCHÉ WILL PICK BETWEEN 10 AND 15 PRODUCTS FROM THE SIAL INNOVATION SELECTION AND WILL ORGANISE A NATIONAL-SCALE OPERATION FOR MARKETING THE PRODUCTS IN OVER 1000 STORES OF THE INTERMARCHÉ CHAIN.

THIS IN-STORE OPERATION WILL COINCIDE WITH SIAL 2012, FROM TUESDAY 23 TO SATURDAY 27 OCTOBER, PROVIDING THE EXHIBITORS WITH THE OPPORTUNITY OF SEEING THEIR PRODUCTS PROMOTED IN ONE OF THE BIGGEST STORE CHAINS IN FRENCH RETAIL.

THIS PARTNERSHIP BETWEEN SIAL AND INTERMARCHÉ DRAWS ON A COMMON DESIRE TO DECIPHER THE TRENDS OF TOMORROW AND SUPPORT THE EXHIBITORS AND THEIR INNOVATIONS IN REACHING THE CONSUMER.

INTERMARCHÉ WILL BE PRESENT AT SIAL TO AWARD THE PRIX INTERMARCHÉ DURING THE SIAL INNOVATION CEREMONY.

Images by  www.stockfood.com



Keeping in

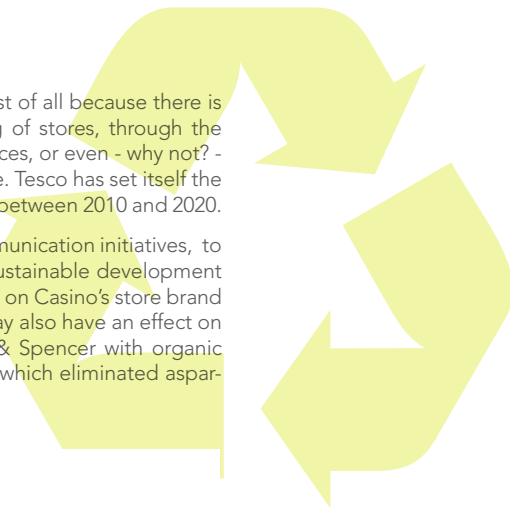


CONNECTIONS

4 - MAKING SUSTAINABLE DEVELOPMENT AN INTEGRAL PART OF BUSINESS

Retail has a large part to play in sustainable development, first of all because there is plenty of room for improvement in the design and running of stores, through the choices of materials or power sources, better recycling practices, or even - why not? - in-situ energy production, using photovoltaic cells for example. Tesco has set itself the objective, in this regard, of cutting its carbon footprint in half between 2010 and 2020.

Secondly, the store chains may undertake, through their communication initiatives, to raise the awareness of their customers about the issues of sustainable development (e.g., the "Ecolopass" of Intermarché or the "Carbon display" on Casino's store brand products). Depending on their merchandise choices, they may also have an effect on the development of the industrial offering, such as Marks & Spencer with organic products, Carrefour with GM-free products and Système U, which eliminated aspartame from its soft drinks.



21%

OF VISITORS TO
SIAL 2010 DECLARED AN
INTEREST IN FAIR-TRADE
PROCEDURES AND
PRODUCTS
(25% OF FRENCH
VISITORS)

SIAL: A CIVIC-MINDED EXHIBITION

- A specific themed trail, "Responsible, fair-trade products and procedures," presents over 250 exhibitors who are committed to this approach. At each exhibition, almost 50 tonnes of products are collected to be sent on to the centres of the French Red Cross at Seine-Saint-Denis.
- Organic processing of the exhibition's waste: SIAL implements in conjunction with the SARIA Group the processing and recycling of organic wastes produced at the exhibition. In this way, the organic materials of animal origin will be transformed into agricultural fertiliser; organic plant materials into green energy, heat and soil conditioner; and spent food oils into biodiesel.
- There will also be a car-pooling platform and collective transport laid on (free shuttles from Porte Maillot, Montparnasse railway station and Roissy Charles de Gaulle airport), the use of E-badges, the gradual digitisation of documents and recycling of the carpets.

The partnership with Utopies will provide the opportunity for SIAL 2012 to go the extra mile with its sustainable development policy.

50
TONNES
OF PRODUCTS
COLLECTED BY
FOOD BANKS



FOCUS
**RESPONSIBLE CONSUMPTION:
WHERE DOES RETAIL'S RESPONSIBILITY LIE?**

Today, mass retail is in the hot seat in matters relating to responsible consumption. This is both because of its impact on the modes of consumption (overconsumption, the cult of novelty and promotion, the accelerated obsolescence of products, international sourcing and globalisation at the expense of local channels, etc.) and because it is in direct contact with consumers, picking up daily on their latest expectations and perfectly positioned to pass on messages to them in conjunction with the act of purchase. Historically, this responsibility has been particularly concentrated on own-brand products. These are positioned as the flag-bearers of brand values (exclusion of controversial ingredients, products with added social or environmental value, use of eco-labels, long-term relations with the supplier SMEs, etc.).

The food market, the decisive environmental impact of which the world has only recently discovered, is naturally at the core of these concerns:

- The development of life cycle analyses reveal the importance of the upstream agricultural impact (water consumption; carbon footprint, in particular of livestock; etc.) and of certain conservation practices (freezing, packaging, etc.).
- The public authorities are taking an interest in the matter (formalisation of national sustainable food policies in the UK and Scandinavia, creation in France of a Ministry of Food).
- Mass retail, in particular, plays a major role in food consumption.

More broadly, the mass retailers have for some years assumed a role of international leadership with regard to sustainable development strategies. For example, Marks & Spencer, committed since 2007 to a remarkable Plan A ("since there is no plan B to save the planet") built around five topics and 100 objectives aimed at radically transforming its activities by 2012, reinforced this strategy in 2010. The British store chain, which had already planned in 2007 to stock its shelves systematically with free-range eggs, fish from certified fish farms and fair-trade coffee, tea and cotton, has this time announced that half of its products will be ecological or ethical in 2015, rising to 100% in 2020. For Marks & Spencer, the stated objective is no less to become the most "sustainable" store chain in the world, by fully integrating sustainable development into its strategy for running its business (the new slogan for plan A is: "How we do business"). The brand itself presents its approach as a clean break with the traditional CSR (Corporate Social Responsibility) approach which aims above all to limit the negative impact of business activities rather than making these a source of opportunities, exploited systematically in every dimension of the business.

This global and unique transformation plan, aimed at comprehensively aligning the way the business is run with the principles of sustainable development, is today a model serving as an example worldwide, in other sectors.

Elisabeth Laville, founder-director of the Utopies agency

UTOPIES®

SUSTAINABLE DEVELOPMENT
PARTNER FOR SIAL 2012: THE UTOPIES
AGENCY SUPPORTS SIAL WITH
THE TOPICS OF SUSTAINABLE
DEVELOPMENT BOTH IN THE
PREPARATION OF THE SIAL TV BROAD-
CASTS AND IN THE SPECIFIC
APPROACH OF SIAL TO THE TOPIC
OF SUSTAINABLE DEVELOPMENT.

THROUGHOUT SIAL, UTOPIES WILL BE
ON HAND TO ANSWER QUESTIONS
ABOUT SUSTAINABLE DEVELOPMENT
IN THE EXPERTS VILLAGE,
SITUATED IN HALL 6.

100 %
OF
MARKS & SPENCER
PRODUCTS
WILL BE
ECOLOGICAL
OR
ETHICAL
IN 2020



Images by  www.stockfood.com

Keeping in



CONNECTIONS

Paris, 21 - 25 October 2012



Live from the Expo and broadcast over the Web, SIAL TV will be a focal point of the organisation of the 2012 edition.

Its stage will provide a platform for professionals, experts, politicians and numerous personalities to express their thoughts on the news from the world wide agribusiness sector.

Topics to be addressed on retail, store brands and sustainable development:

- Store brands: indicative of future trends?
 - E-commerce and local stores: complementarity or competition?
 - Retail and the social networks
- Mass retail: the part it plays in the democratisation of responsible consumption, its limits, its challenges?
- What role can mass retail play in contributing to greater value creation the length of the supply chain?



SIAL 2012

A SINGLE PLATFORM FOR A MORE EFFICIENT OPERATION

- A new, more ergonomic installation facilitating clearer segmentation between the fresh products universe and the dry products universe.
- A more extensive programme of events to make it easy to discover the latest innovations and trends and to decipher the markets (linking up of SIAL Innovation and SIAL d'Or).
- Improved reception to facilitate access to all exhibition areas and make the most of your presence at or visit to the exhibition.
- New services for improved comfort all round: brand-new thematic information points, improved signposting, more rest areas, and so on.

TO FIND OUT MORE,
KEEP FOOD CONNECTED AT
WWW.SIALPARIS.COM

SIAL Paris, member of the SIAL GROUP, the world's number one food exhibitions network



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