



Press Release

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New CIES study points to food retailers' significant contribution to the economy, employment and society.

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CIES - The Food Business Forum, the Paris-based independent global food business network, released today the results of an audit investigating the impact of the food retail sector on the economy, on employment and on society. Carried out by Templeton College, University of Oxford, the Audit* summaries a wide range of secondary sources covering Asia, Europe and North America.

Key Findings

- **Food retailing is one of the largest and most dynamic business sectors.** It is a vital economic activity that provides essential services, generates national wealth, creates jobs and stimulates other business activities. This important economic role is demonstrated by the positive effect of retailing on inflation and growth. At a general economic level, retailing is a major contributor to growth. In the US, the world's largest retail market, the sector as a whole accounts for 9.2% of GDP and \$3.5 trillion in sales. In the rapidly-growing Chinese economy, the retail sector has a current growth rate of 29%, compared to GDP growth of 8.5%.
- **The economic impact of retailing has been driven by innovation and operational efficiency.** In responding to consumer needs, retailers have optimised supply chains in collaboration with suppliers and introduced a series of new retail formats. Operators have applied IT on a large scale to areas such as inventory management and marketing. 12% of US productivity gains in the second half of the 1990s are estimated to be due to Wal-Mart alone. Such efficiency gains have significantly benefited consumers. In the UK, retailers as a whole passed on £17.6 billion in savings to consumers in 1999 as a result of efficiency gains.
- **Retailing is an inherently local and labour-intensive sector.** It is one of the biggest employers in the private sector. Food retailing provides a mix of job opportunities, from flexible, lower-paid and locally-based jobs to highly-skilled, higher-paid and centrally-located jobs that meet the demand from population categories such as students, working parents and seniors. 17.4% of the US working population is in retailing; in Europe, retailing employs 10% of the working population in the UK and 7% in Germany. The majority of these jobs are local jobs, since retailers' activities are based on stores in local communities. The sector also has an important 'multiplier effect' by generating jobs and growth along the supply chain, although this impact has not yet been properly measured.

* Oxford Institute of Retail Management, Templeton College, University of Oxford: *The Contribution of Food Retailing to Society and to the Economy*, 2004.

- **Food retailers play a fundamental part in educating consumers about new products and services.** At the forefront of the value chain, retailers have become the customer reference point with regard to a number of socio-economic debates. Their public role is illustrated by the fact that, for example, an estimated 100 million people visit a Wal-Mart store each week. By providing a constantly evolving range of products and services, retailers react to changes in society. Speciality food ranges, new retail formats, extended opening hours and in-store technology are all examples of how food retailers have adapted to evolving lifestyles.
- **Retailers' brands and ranges act as a guarantor for product quality and safety.** Food retailers have introduced a range of initiatives in recent years, such as Corporate Social Responsibility (CSR) audits, certification for food safety and environmental assessment in transport and store design. Retailers have also developed CSR internally by improving transport efficiency – thereby reducing congestion and fuel consumption – and by reducing their environmental impact.
- **However, there is a basic lack of relevant and comprehensive data on the contribution of food retailing to society.** There is no single authoritative source of statistics either on the retail sector as a whole or on food retailing in particular. Why? Partly because retailers' output is complex and difficult to measure but **also because this reflects a traditional lack of attention towards retailing as a key engine of the economy.** More work is therefore required, both from public authorities and from the sector itself, in order to establish clear definitions and measures for evaluating the contribution of food retailing.

Once such relevant and authoritative data is developed, food retailers will need to communicate it to key audiences as part of a two-way dialogue with society at large. This point is echoed by **Benoit Cornu, director of corporate communication at Casino and chairman of the Food Business *in* Society Task Force**, who stresses that: “retailers need to be better at explaining what they do. The Audit is a first “snapshot” of the sector, which the Food Business *in* Society initiative will build on through its online resource centre and future seminars and studies. The overall aim is to get as many retailers as possible to give their input so that the programme can offer a valuable communication support for individual companies.”

For further information on the Audit and CIES' Food Business in Society initiative, please contact:

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