



Retail News in Context, Analysis with Attitude *by Kevin Coupe*

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Final Thoughts: From The CIES World Food Business Summit

MUNICH – A year ago, during an interview with Gareth Ackerman, chairman of South Africa's Pick'n Pay Holdings, at the CIES World Food Business Summit in Shanghai, he told me that that the 2008 edition would be a real test for the organization and the industry. The Shanghai edition, he noted, was focusing on how Asia was reshaping the world's economy, and when the annual conference returned to Europe, it would be time to find out if "the old world could meet the challenge of the new world."

A year later, at the Summit here, it was remarkable in some ways how little time and attention were focused on the challenges being posed by economies like China and India. That's certainly because the world has changed in unforeseen ways since those Shanghai meetings....a food crisis, an energy crisis, an economic crisis, perhaps even a crisis of confidence.....

It was a good reminder that sometimes we have very little control over the circumstances in which we find ourselves. "Growth & Sustainability" was an apt theme for the summit, since the industry is faced with dual challenges – how to continue to grow during a time of so many crises on so many fronts, and yet how to create business models that can be sustained over the long haul, not just reacting to this situation or that emergency.

"Sustainable companies have not been built and will not be built, on quarterly earnings," Pierre-Olivier Beckers, president/CEO of Delhaize Group and the incoming chairman of CIES, told the assemblage. It was a clear message that the sustainable enterprise has to be about something different, something greater, than just the short-term sale.

Something different, something greater. That also was key to the message that Rob Reid, co-founder of RipCam Media, and Andrew Robertson, president/CEO of BBDO Worldwide, delivered to the audience on Friday – that the ways in which we communicate with shoppers is changing in profound ways. Consumers "are choosing control over passivity," Reid said, noting that this means marketers have less control than ever over how people receive their messages.

Robertson put it another way, suggesting that media no longer "is a means of distribution that we buy, but rather a point of access that consumers can choose to use if they want to." And with so many choices available to consumers, he said, it becomes harder and more challenging to find and engage this audience.

But not impossible. Both Reid and Robertson said that marketers in both the manufacturing and retailing segments do have the ability and means to identify and engage this audience...but that it requires an entirely new mindset about who these shoppers are and what they want.

In other words, a change of mind, a change of direction, even a change of heart.

It is an institutional recognition of these changes that led CIES to announce that it is changing its organizational structure and governance from that of a retailer-driven body to one that gives parity to the supplier community – a recognition that the kind of collaboration necessary to meet the challenges of the future can only come through the creation of a more organic community.

"Following the subprime crash, many of the world's banks wrote off hundreds of billions of dollars and inflation developed into a major issue," said Roger Corbett, the outgoing chairman of CIES, as he looked to cast the changes in the broader light of global change. "Last June, crude oil was selling at around 65 US dollars a barrel. Yesterday, the price was 141 dollars. Corn is up 31%

from June to June. Rice is up 74% and wheat is up 130%. Never before have input costs escalated so quickly in so short a time. Developing countries are demanding their place on the world stage. The UN is warning of hunger, malnutrition and social unrest on an unprecedented scale.

"The challenge of the cost of energy and the sustainable use of energy is a critical part of preserving the world's resources for those who will follow us, and for whom we are trustees. We have agreed to make these changes in order to ensure that CIES remains relevant and remains in a position to play a significant role in providing for the needs of the world."

And so these changes will be made, but more than a few questions remain. One that occurs here is this: what will the world look like in June 2009, when the CIES Summit convenes in New York City?

KC's View: Not sure what the world will look like when CIES comes to NY, but one thing is sure. As we have every year since 1999, we'll be there to cover it. (It is a matter of some pride that among those covering CIES, *MNB* was pretty much the only US entity to be there.)

The CIES announcement about institutional parity between retailers and manufacturers is said by insiders to be just the first step in a broader consolidation expected to take place among various global trade organizations...and eventually, in the US. Which makes me wonder...if it makes sense for CIES to give manufacturers an equal number of seats at the table, does the same logic suggest that FMI and GMA ought to be thinking about some sort of merger? Or that FMI and CIES ought to finding more ways to work together? And to what extent are such discussions already taking place?