



Assaí SAO PAULO (BRAZIL)



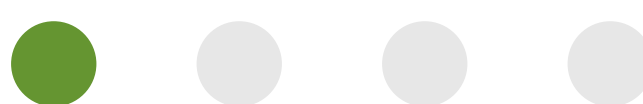
BRAZIL

Sao Paulo

Where is it?

Casino, which owns Assaí, has had a presence in Brazil since 1999, when the Diniz family, the owners of Pao de Açucar, needed rescuing financially. Since then, Casino has controlled the business which generated 69 billion Reals in turnover last year, a figure of around €19 billion (with 2200 stores throughout the country).

By Olivier Dauvers



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What is it?



100% of Assaí stores are depots. The products are presented either on pallets or racks; less presentation work is required; goods are stored on the sales floor up to a height of 8 m.

With a turnover of almost **€3 billion**, Assaí is no longer a marginal business for Casino in Brazil. However, it is also seeing strong growth: Up 30% in 2014, up 25% in 2015. In just two years, Assaí has opened 20 new depots and should reach the ceiling of 100 by the end of the year. The explanation for this rapid growth: the brand's positioning, at least 15% cheaper than other hypermarkets. This is the result of a concept oriented towards controlling costs in a similar way to the US company Costco for example.

Assaí stores are actually more like depots. Averaging 4000 m² in size and only offering between six and 7000 products allows them to increase line volumes and optimise productivity including shelf stacking, goods are often sold on pallets. What is more, at Assaí (as with Atacadao by Carrefour/similar concepts), staff costs are kept to a minimum thanks to the delegation of in-store promoters by the suppliers. In this Assaí for example, staff costs only amount to 4.5 %.

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Key figures



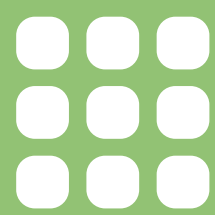
Number
of stores

95



Sales floor

4,000 m²
on average



Number
of items

7,000



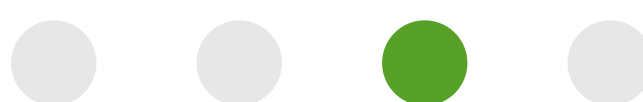
Height

8 m



Customers offered two different prices: by the units ("Varejo" as in retail stores) and by lot ("atacado", offered at wholesale price). The difference between these two prices is usually between 15 and 20%.

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What is interesting about it?

The depot format is currently the winning model in Brazil, and that which is seeing the strongest growth (by far)! This aims to seek benefits both on the cost side and the price side. Assai also reminds us that in the food distribution business you need to be low-cost to be low-priced.

The two main drivers are still the smallest possible number of ranges (at the risk of disenfranchising customers looking for choice) and productivity on the sales floor.

This is also a winning formula from an economic viewpoint as the required investment is low. ROI is achieved more quickly by a depot than a hypermarket particularly thanks to the high margins: between 4 and 5% for Assaí, which (again) demonstrates the virtues of discounts.

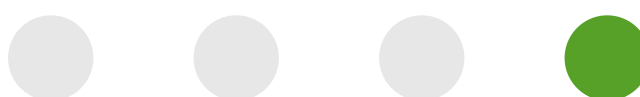


In order to stand out, Assaí claims to sell its aisle end displays. Unlike in France, they are sold to industrial companies under long contracts, generally lasting a year. It is therefore the client which decides which products are displayed on their units. In short, a commercial cooperation initiative which represents around 1% of the company's annual turnover.



Even their fruits and vegetables are presented without fuss, so saving on labour. Similarly, there are no shelves to look after.

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