



MARKET

Even the best store managers can hit an unexpected snag. Only the best of the best can triumph. Take Brasso, the world's ubiquitous metal polish, for example. A Metro customer mentioned the temporary absence of Brasso to the manager of the Metro store in Gameat El Dowal El Arabia Street in Mohandessin.

"It's not a big deal," the customer said. "But I need some Brasso when it's convenient to restock." It was 4:30 pm and the customer continued to pick up food for dinner. Imagine his surprise when he arrived at the checkout desk. There was the Brasso. The manager had found it in an ironmonger's shop in the street... and bought it just to keep his customer satisfied. Now that's customer service.

A young family from Genoa in Italy were staying with relatives in Cairo. They dropped into the Metro store in Syria Street. Half an hour later the Italian Mum texted her mother-in-law back home. "You're not going to believe this but the grocery store here is better than ours at home and the prices are unbelievable."

Mohanad Adly, Metro's Managing Director, loves to hear such stories and he hears more and more of them these days. Metro's winning customer focus formula has once again catapulted sales upwards. Total sales in 2009 were some EGP 1.4 billion, and the plan for 2010 is to reach EGP 1.8 billion, which represents a 28% increase year-on-year.

That compares with Datamonitor's estimate of about 7% annual growth of sales of food and groceries in Egypt's hypermarkets, supermarkets and discounters. By the end of 2010 Metro will comprise 40 stores, with its sister brand Kheir Zaman trading at 30 locations, and the new Mini Metro stores in four petrol stations.

ACHIEVEMENTS

There appear to be three reasons for success: People, products and promotion. Adly believes in giving staff as much responsibility as they can handle. In recent years every aspect of each Metro outlet has become a cost and profit centre.

That means that the meat department is responsible for reducing wastage to a minimum during each employee's shift. One great benefit for customers is that even the best cuts of beef can be ground into minced beef if they are

unsold. The same attention applies to the fish counter, where only the freshest fish is offered.

Metro's staff training programme goes beyond learning processes and procedures. As Metro has matured a culture has developed among the 6,000 staff that has elevated customer service into a feature staff are proud to demonstrate.

That hasn't always been the case in Egypt, particularly in state-owned department stores. So it is enormously to Metro's credit that their customers feel they are being given the very best of service. Metro has invested in people, identifying "rising stars" and rewarding them through an employee of the month programme and promotions. The stellar financial performance has also meant bigger annual bonuses, which are based on performance and amount to more than three months' salary.

There are two elements to Metro's product improvement. First - quality, second - choice. To some extent the quality of dry groceries, which includes canned foods, soft drinks, confectionery and frozen food, is

fresh foods (meat, fish, fruit and vegetables, cheese and dairy products).

There are two elements to Metro's product improvement. First - quality, second - choice. To some extent the quality of dry groceries, which includes canned foods, soft drinks, confectionery and frozen food, is



a matter of individual choice. Metro's corporate buyers are adventurous in that they will give suppliers of innovative or new products an opportunity to compete against a regular brand. A case in point is the different varieties of oatmeal being sold, whereas before only one brand could be found on the shelf. The varieties are priced identically.

So is there a difference between one bag of oatmeal packed in Egypt and an American imported brand? The sales tracking numbers will provide the data that Metro studies. If sales of one brand in one store dip below the viable threshold, they will not be restocked (unless specifically requested by a customer). The customers will have been the arbiters, deciding whether they feel the quality has improved after the introduction of another variety.

Another change is going on in the coffee aisle. A couple of years ago there were a handful of types of instant coffee. Nowadays the shelves are stocked with boutique coffees that retail for as much as EGP 80 or more a jar, reflecting the discerning tastes of Egypt's new generation of younger grocery shoppers.

One manager commented: "We see women coming into the store from public relations and advertising agencies, banks and insurance companies. They're attracted to take these high-end brands back to their offices. They're introducing a flavour that previously they might only find in a coffee shop, where they might end up spending EGP 25 for a single cup. The varieties we're carrying will last the office a week or more. That's quality and value."

Looking at quality from another standpoint demonstrates the importance of freshness. The largest category of products sold at Metro is

They account for 55% of sales, compared to 30% for dry groceries and 15% for non-food items such as detergents, tobacco, pet food, health and beauty, Tupperware and mobile phone cards).

The delivery of freshness is an intricate process and relies on balancing various factors. Metro has grown to such a size that to guarantee that all products are available at all stores (and at the same price) means contracting with suppliers of fruit and vegetables that can provide the quantity Metro needs, as well as excellent quality and freshness. In Egypt some of the finest quality produce is earmarked for Europe and the United States where growers can more easily recoup their investment and some top quality items are reserved for Egypt's hotels to bolster the all-important tourism market.

So Metro has to fight for its share of high quality lettuces, fruit, tomatoes and celery, which it does, and customers have noticed a continuing improvement of choice and quality on the fruit and vegetable shelves.

HISTORY

Metro Markets was the dream of Youssef Mansour, who along with his brothers Mohamed and Yasseen became the custodians of a remarkable multi-billion-dollar conglomerate built up over the decades that includes global brands such as Caterpillar, General Motors, McDonalds, Philip Morris, UPS and Credit Agricole among others.

The first ten Metro supermarkets swung into business during 1998-2001, in both Cairo and Alexandria, while the target was to open at least eight more stores in the following years. By the beginning of 2006 Metro reached a network of 22 stores covering five different governorates including Cairo, Giza, Alexandria, Mansoura and Ismailia.

Expansion was rapid and growth was spurred by their introduction of a chain of discount stores named Kheir Zaman, in 2006, which was immediately embraced by Egyptians anxious to experience the value Metro offers at a price they could afford.

PRODUCT

In 2010 Metro Markets added Fast to Fresh when two Mini Metro stores opened - in 6th October City and Heliopolis. Mini Metro offers 22 different varieties of sandwiches that are made on the spot and ready to take away freshly brewed coffees and teas as well as a range of convenience items.

More Mini Metro shops are planned for petrol stations and at other locations such as



universities and sporting clubs.

Adly says Mini Metro stores are responding to the 18 - 30 age group who want high quality and fast service for a limited range of items, including coffee and sandwiches and some health and beauty items.

"Young people want to be able to drive up to a store, pick up a cup of coffee and a sandwich or a salad, some snacks or soft drinks and be back in the car, all within a few minutes. Mini Metro serves those needs," Adly said.

Metro's area manager, Mohamed Hussein, has noticed another group of customers: the night owls.

"Around midnight we see quite a few young people coming to Mini Metro because they say it's the place for the best coffee in town. We also serve fresh fruit, desserts and cheesecakes as well as a range of fresh sandwiches. These are very popular snacks, as are pancakes and hot dogs."

The 22 varieties of sandwiches include veal, chicken, smoked salmon and cheese freshly prepared and ready to eat. The bread comes from Metro's in-store bakeries.

The wide variety of salads is offered in hygienic containers with dressings and cutlery. Cheesecakes and desserts are packed in plastic containers. The fresh fruit is washed and cleaned before being offered on the shelves.

A wide selection of chocolates, sweets and biscuits as well as savoury snacks is available as are tissues, hand sanitisers, hand creams and other health and beauty aids and magazines. There's a section for car enthusiasts offering polishes, cloths and other motoring accessories.

Adly says Mini Metro's focus is on service and freshness. "Our research shows that the new generation of customers wants the highest quality and they want to pick up a drink and a snack that they are certain will be as fresh as it can be."

RECENT DEVELOPMENTS

Efficiency and freshness will be enhanced in 2010 by the completion of Metro Markets' new state-of-the-art warehouse in 6th of October. The new warehouse is scheduled for completion by December on a total land area of 60,000 m2. It is designed to replace three existing warehouses which have been outgrown and to increase storage capacity to accommodate more stores. The total cost when completed will be around EGP 120 million.

PROMOTION

Metro Markets runs a lean marketing budget. There are few advertisements and mail shots are a thing of the past. Adly puts it this way: "We promote the brand by demonstrating to our customers, most of whom live within walking distance of a store, that our products are available around the clock every day 24 hours of the year and can be bought from the shop and taken away or delivered within about an hour, or ordered by phone and either delivered or picked up at the store. It's gone to tremendous lengths to understand customers' needs. They alter according to the

season and according to the various festivals and we make sure that we anticipate their needs and have what they need in the stores, particularly at the weekends when business is most brisk.

We know when each store's busy times are and we prepare for those times by stocking the shelves appropriately and staffing the shops well."

One innovation, however, was to send text messages to customers that Metro deduced would be on vacation at the height of the summer holiday season on the North Shore and in Alexandria. They were given an opportunity to order for delivery in three time periods, from the afternoon until late evening.

"It was a tremendous success," Adly says. People on holiday were able to get a few more hours on the beach relaxing knowing that soon after they got home they'd receive their grocery orders.

BRAND VALUES

Metro's mission statement is to be the leading Egyptian provider of retail goods and services in the markets we choose to serve. We will positively impact the lives of our customers and employees, to earn their lifetime loyalty by offering superior value. We will grow profitably and offer our shareholders and business associates fair financial returns while operating in an atmosphere of trust, honesty, respect and integrity.

At a time when businesses worldwide are concerned about the effects of global recession Metro Markets is demonstrating their ability to adapt to changing customer preferences, while focusing on core values that have served them so well since the first stores opened in 1998.

www.metro-markets.com



Things you didn't know about METRO

Metro Markets serves over 75,000 customers daily in 51 stores spread across nine major cities in Egypt.

Home delivery now accounts for 12% of the Group's overall sales, which were LE 140 million in 2008.

Metro received the International Quality Crown Award for quality at the International Quality Convention in London in 2007.

Metro stores are certified as Hygiene Conscious Establishments by the Société Generale De Surveillance (SGS), the world's leading inspection agency.

Metro stores operate 24 hours a day, 7 days a week throughout the entire year and never close even during public holidays.

Metro has 1,600 registered suppliers who deliver more than 25,000 SKU's (stock keeping units).

Metro Markets is the parent company of the discount store chain "Kheir Zaman", Egypt's largest discount food retailer.

