



Supermarket Billa's Romanian arm has been acquired by French grocer Carrefour

Carrefour's Billa acquisition signals further consolidation

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CARREFOUR HAS FINALLY confirmed a deal to acquire Billa Romania from Rewe Group despite initial denials from the latter about a sale.

The French grocer will strengthen its coverage in Romania by adding the 86 Billa supermarkets to its portfolio, which has a total sales area of 893,433 sq ft.

It appears that Rewe is streamlining its central and eastern Europe (CEE) business. In September, Rewe pulled its Penny fascia from Bulgaria.

Rewe originally planned to focus on its core supermarket business, Billa, in the region as opposed to Penny, which has encountered strong competition from other discounters such as Lidl.

However, Rewe recorded 2.3% negative growth in 2014 in the region and profitability concerns seemed to override plans for growth.

The figures show that Rewe may need to downsize in order to focus on its growth markets.

Lidl's unstoppable expansion in the region and its latest store models are not making the game any easier.

Despite the fact that Billa is to be discontinued in

Romania, Rewe intends to further focus on Penny, which is the second largest discount store operator in the country after Lidl – both are also the only two value operators of a significant size.

Despite this, the value sector is one of the strongest growing in the market. This is probably why recently Carrefour tapped into this field with the Romanian iteration of the Supeco price-focused supermarket chain.

Carrefour is one of the key international players to continue expansion plans in markets it already operates in, as well as entering new ones. In this regard, it comes as no surprise that it is the buyer in this case.

Carrefour has a special focus on Romania as it tests tailored stores in a market where modern retail penetration is lower than other key CEE countries such as Poland or the Czech Republic.

Looking to 2016, the CEE region may see further consolidation as not only Rewe but also Tesco prioritise streamlining over growth. They may seem to operate in different channels, but both face challenges from the same company – Schwarz Group with its Lidl discount stores and Kaufland hypermarkets.