

"I CANNOT OVERSTATE DAVID'S CONTRIBUTION TO OUR COMPANY. HE ESTABLISHED A NEW FOUNDATION FOR THE COMPANY'S GROWTH, AND MY DAD CONSIDERED HIM TO BE ONE OF THE FINEST RETAIL TALENTS HE HAD EVER MET."

Rob Walton on David Glass | WAL-MART

FEEDING THE RETAIL REVOLUTION

Grocery retailers were among the first to recognise the significance of value, scale and service and also trailblazers in crossing borders, as the alumni of our Hall of Fame reflects.

If retail fortunes are represented by eras then the power shift from department stores to grocery retailers in the post-war years tells its own story. As food retailing shifted in the 1950s and 1960s from independent, neighbourhood stores to supermarket chains offering value, convenience and unheard of scale, so a new powerbase emerged.

One notable thread to emerge across the world was the ruthless focus on price, epitomised by Tesco founder Jack Cohen's mantra: "Pile it high, sell it cheap."

Yet while our alumni include the architects of mass consumerism, as most of the major grocery groups evolved they moved away from a simple price-led strategy to provide a more balanced offer including a wider range of produce, improved store environments, out-of-town locations, a mix of formats, latterly omni-channel retailing and, in many cases, they took their proposition beyond their own borders.

The juggernaut of them all is Wal-Mart. But while Sam

Walton might have started the company and is the name most synonymous with the world's largest retailer, it was David Glass - who joined in 1976 and succeeded the founder as CEO and president in 1988 - who helped steer the company on its way from 125 stores to its more than 11,500 across 28 countries today.

Glass pioneered development of the first 'supercenter', which is now the company's dominant retail format. Later, under Glass' leadership, Wal-Mart became the nation's largest retail company and made its first foray into international markets with an acquisition in Mexico, before he left in 2000 to become the owner and CEO of the Kansas City Royals baseball team.

"David joined Wal-Mart at a crucial time in the company's history, bringing expertise in finance and distribution and pioneering the use of computer systems to link our stores and supply chain," recalls Rob Walton, chairman of the board of Wal-Mart Stores. "He established



a new foundation for the company's growth, and my dad considered him to be one of the finest retail talents he had ever met."

In Europe another international giant was forming at the same time as Walton was cutting his teeth in retail but at a point where he was yet to open the first Wal-Mart.

It was 1959 when Marcel Fournier and Louis Defforey opened their first store in Annecy, France. Prompted by the threat of competition from rival Edouard Leclerc, they actually opened a smaller basement store initially in order to beat his first proposed store in Annecy, but it was the second and larger store which offered the lowest prices and proved a huge success, and Carrefour's path to world number two retailer was set. The company pioneered larger format stores and began international expansion in the 1970s and 1980s.

Carrefour's great rival Edouard Leclerc's vision of retailing included offering consumers wholesale-level prices and led

Sam's Town:
The Wal-Mart Museum,
celebrating the first store

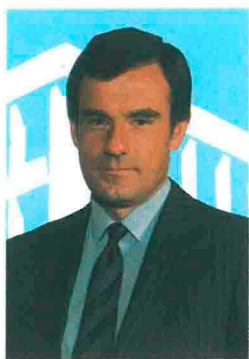
Jack Cohen, famed for his
"Pile it high, sell it cheap"
approach, founded Tesco and
built the platform for the
global supermarket group.



to numerous battles over the supply chain, anti-hypermarket measures and monopolies as he built a major retail empire in France. Born in Landerneau in Finistère, western Brittany, in 1920, Leclerc was the sixth child of 15 born to devoutly Catholic parents and abandoned studies for the priesthood in 1948, finding work with a freight forwarder at Brest.

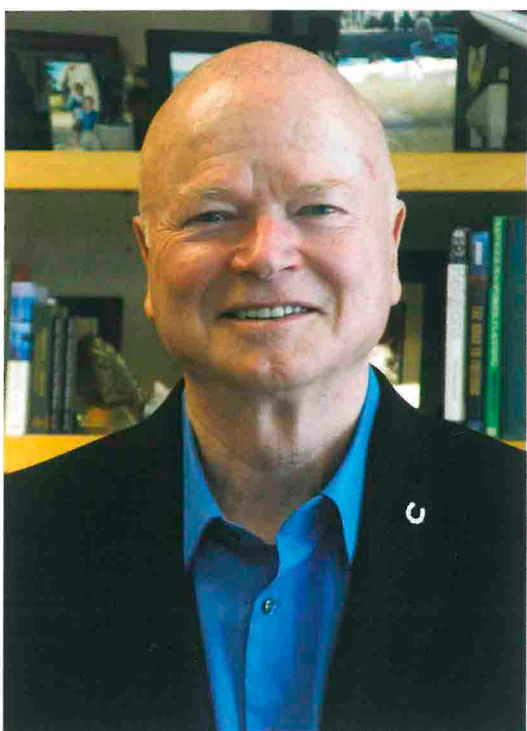
A year later, with Fr5,000, Leclerc opened his first grocery shop, buying directly from factories and selling biscuits, oil and soaps at prices 30% lower than rivals. Other independent grocers were encouraged to put his name on their shops as long as they adopted his methods. During the 1950s, as the "Mouvement E Leclerc" spread, Leclerc was relentless and took on the corporate establishment, with repeated battles over the years.

Countryman Gerard Mulliez took inspiration from Leclerc and adopted his discount, self-service supermarket formula in 1967 when he opened the first Auchan hypermarket.



"OUR MEETINGS WITH CUSTOMERS AT LUNCHTIME AND IN THE EVENING MONDAY THROUGH THURSDAY AROUND THE COUNTRY WAS PROBABLY THE BEST THING THAT EVER HAPPENED TO US, AND ALL THE MARKETING INITIATIVES WE TOOK TO MOVE TESCO THROUGH AND MAKE IT THE BRAND LEADER, BASICALLY THEY ALL CAME FROM THE CUSTOMERS."

Ian MacLaurin | TESCO



"Dollar General's success speaks well as to what can happen in retailing when you partner with employees and where you have a lifelong commitment to your customers, trying to give them a better life. It's all about family. I urge other retailers to consider this strategy for your best performance, because retailing is really about real-world ministry."

Cal Turner Jr
DOLLAR GENERAL

Known as a frugal, plain-talking entrepreneur, he emanated from the Mulliez family, which got its start in textiles more than 200 years previously. But by the mid-20th century, the younger generation was eager to branch out. Gérard, then 29, set up the first Auchan in an abandoned Roubaix factory after becoming convinced that suburban stores with big parking lots would kill traditional downtown shopping.

Blog writer Bertrand Gobin was granted a rare interview with Gérard Mulliez in 2004 and recalls that his office was unheated and furnished with a cheap desk, a few chairs, and a table with a sheet thrown over it as a dust cover.

In the UK, it was Sir John Edward 'Jack' Cohen who established his first market stall in London in 1919 and created the Tesco brand name in 1924. By 1939, Cohen owned a hundred Tesco stores and in 1948, inspired by the American trend for self-service supermarkets, he opened the first such shop in the UK.

Ian MacLaurin joined Tesco in 1959 as a management trainee and who is widely credited with transforming Tesco from a high street player to UK giant, overtaking Sainsbury's

to become the number one supermarket in the UK. He also mentored and ultimately appointed Terry Leahy, who expanded Tesco's overseas interests in moves which, as elements of the overseas adventure broke down, MacLaurin later came to describe as a "very sad" legacy.

Yet, despite the growing sophistication of the international grocery retailers, the market for no frills, hard discounting has not only remained but flourished. Three names dominate: German duo Aldi and Lidl, and America's Dollar General.

As many of the household grocery names were forming or expanding, Karl and Theo Albrecht, raised in modest circumstances to a father who was a miner and their mother had a small grocery store in the worker's quarter of Schonnebeck, were also starting out. Theo completed an apprenticeship in his mother's store, while Karl worked in a delicatessen. After the end of the war, the brothers took over their mother's business and in 1961 Karl and Theo split the businesses: Karl took the storefronts in southern Germany under the name Aldi Sud, as well as the rights to America, Australia and Britain; Theo got the stores in mainland Europe. Karl, a reclusive billionaire, saw his fortune continue to rise as Aldi expanded in America and overseas and when he died in July 2014 at age 94, he was the richest person in Germany. Their reclusive nature can in part be explained by the 1971 kidnapping of Theo, which last for 17 days until the ransom was paid.

Not far behind them, Dieter Schwarz set about focusing on a discount model similar to that of now great rival Aldi. He bought the rights to use the Lidl name from retired teacher Ludwig Lidl and accelerated growth from its southern German base. Schwarz also established a chain of Handleshof and Kaufland supermarkets in the new German states following the fall of the Berlin Wall.

Similarly, in the US, Dollar General was founded in 1955 by Cal Turner and his father James after two previous attempts to establish a retail business by James had failed. Dollar General's simple concept of a no-frills approach to retailing and no product costing more than a dollar quickly took off and Cal Turner developed the expanding business, with Cal Turner Jr joining the company in 1965. He succeeded his father - himself a hugely influential figure in US retail history - as chairman until his retirement in 2002 and, inheriting an already buoyant business, during his tenure he took the chain up to a 6,000 store and \$6 billion sales giant. Not only a phenomenal success, Dollar General in many ways founded the US hard discount format.