
WHOLESALE 360: METRO EXPANDS ITS CORE BUSINESS AND TAPS INTO NEW SALES POTENTIALS

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Düsseldorf, 12 December 2019 – METRO is pushing ahead with its strategy of positioning itself as a complete solutions provider for small and medium-sized businesses. At today's annual press conference, the Management Board and employees present the Wholesale 360 approach with which the international wholesale specialist has expanded its core business in the financial year 2018/19 and will refine it. METRO is thus developing untapped sales potential in its core customer groups – HoReCa (hotels, restaurants and catering companies) and Traders (independent grocery stores). As part of Wholesale 360 the company offers a broad portfolio in the areas of products, consulting, digital tools, services and equipment, as well as an online marketplace. The company is positioning itself as a partner of choice for its customers and differentiating itself from other wholesalers. METRO already combines a large network of wholesale stores with a delivery business and digital services. 'We want to help our professional customers manage their everyday business activities more efficiently – in all relevant areas,' says Olaf Koch, Chairman of the Management Board of METRO AG. 'Take the hospitality industry in Germany, for instance: the biggest challenges that business owners face are the difficulties of finding staff, rising operating costs and personnel expenses as well as higher statutory requirements. Under the Wholesale 360 umbrella we are gradually expanding our portfolio of sustainable solutions that offer added economic value to our customers, and working with them to improve their operating procedures. Another advantage for our customers is, that they can obtain everything in one place from a brand they trust.'

One of the objectives of Wholesale 360 is to strengthen the competitiveness of METRO's customers – not only to make them and their businesses more successful, but also to strengthen the customer relationship over the long term and gain more market share. To achieve this aim, METRO is also entering into partnerships with other providers. 'Today, restaurateurs spend about one third of their budget on goods: food, cleaning products and equipment,' says Olaf Koch. 'In other words, two thirds of their expenditure is in areas that are not currently part of METRO's core business. For METRO, this means looking for ways of supporting our customers in other areas. This approach is what we are calling Wholesale 360.'

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Wholesale 360 consists of **6 subject areas**: products, consulting, digital tools, marketplace, services and equipment.

Products

METRO's core competence is providing fresh, high-quality food tailored to local needs. The national companies are continually developing their product ranges to achieve this. One example is the introduction of METRO Chef Gourvenience in Germany, a range of around 200 premium convenience products for the hospitality industry. Another example is the expansion of the company's own-brand portfolio in Austria to include an organic range with a focus on fruit and vegetables. The aim is to increase customer satisfaction, basket size and repurchase rates. Already, 78% of the group's sales comes from customers who regularly shop with METRO.

Consulting

The challenges customers face are becoming more complex and call for individual consulting. This is why METRO is investing in the consulting competence of its around 6,500 sales managers in all countries, including through its Trader Franchise Model. This model goes by various names and is particularly widespread in Eastern Europe. Now, there are plans to expand it further in countries like Poland, Romania and Russia. In this model, METRO operates in a similar way to a franchisor with its own brand identity. As well as supplying products to the participating independent grocery stores, it offers them additional services, such as training courses and assortment consultancy. METRO already has 7,460 franchisee partners.

Digital tools

The METRO business unit Hospitality Digital provides access to digital solutions and innovative applications to customers from the hospitality industry. Services include a free website, an online reservation tool and efficient staff management systems. In addition, customers have access to applications designed to optimise their operations, such as the MenuKit for automatic calculation of the cost of goods sold. The group's own tech unit, METRONOM, develops in-house IT solutions and customer interfaces like the METRO Companion shopping app. Customers can use this app to create digital shopping lists, search for wholesale stores, check stock availability and scan barcodes. It also replaces the METRO customer card.

Marketplace

METRO Markets is an online B2B marketplace developed specifically for the wholesale industry. It builds on the experience of the Real online marketplace. The platform offers a broad range of non-food items tailored to the hospitality sector. METRO MARKETS launched in Germany in September

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2019 and is to be rolled out to other countries after a pilot phase. METRO uses the platform to sell its own products, but also works with trading partners, letting HoReCa specialists from all over the world benefit from its own brand and reach as a global wholesale company. After just two months, the marketplace was already offering around 87,000 non-food items in collaboration with 110 partners.

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Services

Financial constraints are not uncommon in the hospitality industry. Maybe an expensive piece of kitchen equipment breaks down and has to be replaced, or there is a need to invest in the business. It is often difficult for independent business owners to obtain a loan. In order to provide support to restaurateurs in this area as well – to secure their financial stability and liquidity – METRO tests financial services that are tailored to its customers' requirements. Since the start of 2019, for instance, METRO Austria has been working with Austrian bank BAWAG P.S.K. to offer various services, including Express-Financing, a loan that can be applied for completely online. A response comes after 24 hours on average, and the loan amount is paid out the following day.

Equipment

Modern equipment in the hospitality industry helps increase productivity and save costs, while offering high product and service quality. Strategic partnerships make integrated solutions possible, including coordinated food and technology solutions at attractive special conditions. In July 2019, METRO entered into a cooperation with PENTAGAST, Germany's largest association of gastronomy and kitchen equipment suppliers. The goal is to offer restaurateurs tailor-made solutions from a single source and to merge the two industry competencies of food and technology – including food service consultancy and after-sales service.

METRO is a leading international wholesale company with food and non-food assortments that specialises on serving the needs of hotels, restaurants and caterers (HoReCa) as well as independent traders. Around the world, METRO has some 16 million customers who can choose whether to shop in one of the large-format stores, order online and collect their purchases at the store or have them delivered. METRO in addition also supports the competitiveness of entrepreneurs and own businesses with digital solutions and thereby contributes to cultural diversity in retail and hospitality. Sustainability is a key pillar of METRO's business. METRO has been the European sector leader in the Dow Jones Sustainability Index. The company operates in 34 countries and employs more than 100,000 people worldwide. In financial year 2018/19, METRO generated sales of €27.1 billion. In October 2019, METRO AG signed an agreement to sell a majority stake in METRO China. In September 2018 METRO initiated the divestment process for the food retail chain Real with its 34,000 employees. For more information, please visit www.metroag.de

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