

FOCUS: Carrefour CEO-Designate Has Nestle Marketing Strengths

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Passed over for the top job at Nestle S.A. (NESN.VX) earlier this year, Swedish national Lars Olofsson is instead bringing his experience in food markets and marketing to the world's second-biggest retailer Carrefour S.A. (12017.FR) at a time when the deepening slump in consumption will complicate his mandate to revive the French retail giant's lagging business in its key European markets.

For the 51-year-old executive who helped Nestle navigate the overhaul of its European strategy in recent years, making the switch from food supplier to retailer will also mark the end of over 30 years with the Switzerland-based food and beverage company.

Some analysts say the executive's experience in the food industry as well as in France, where he headed Nestle's operations from 1997 to 2001, will help him initiate change at Carrefour. France remains Carrefour's biggest market and accounts for almost half of the group's annual revenues.

Carrefour's business in France as well as the rest of Europe has been hit by increasing competition from discount chains and non-food specialty retailers.

"The new CEO has a good and long track record at Nestle. We view the change as good news for the medium and long term as a new person should be more capable of bringing the drastic changes the company needs," JPMorgan said in a research note. JPMorgan rates Carrefour shares underweight. Olofsson formed part of a management team at Nestle that in recent years tackled the long-standing challenge of slow growth in European markets, said independent food industry analyst *James Amoroso*.

"Lars Olofsson held some of the most senior roles at a period when Nestle changed dramatically, becoming more centralized, more efficient and more focused," *Amoroso* told Dow Jones Newswires. Nestle is currently among the top of its peers in terms of organic growth and consistent operating margin performance, and "Olofsson is as responsible for that as any person in Nestle," he added.

Amoroso cited Olofsson's position as head of the Europe zone between 2001 and 2005 - when the company scaled back the roles of executives running Nestle's businesses in European countries - as a sign Olofsson can effectively act as an "agent of change" and navigate hefty restructuring efforts.

Still, while analysts noted the Swede's background as a marketing specialist, others said he lacks retail experience.

"The retailing business is new to him and the fact that he's not French may also be a disadvantage," said Patrik Schwendimann, an analyst with Zuercher Kantonalbank. Others said any new CEO would have limited room to enact change at Carrefour given the current economic situation.

"Scenarios of selling or separating real estate holdings are difficult even for an Anglo-Saxon retailer," said Christian Devismes of CM-CIC Securities. "Selling the hard discount operations won't be prudent either given the current environment, and selling the family silver in emerging countries would reflect a very short-term view," he added. Devismes rates Carrefour shares buy.

A Carrefour spokeswoman and a person close to the company's main shareholders, U.S.-based Colony Capital and French billionaire investor Bernard Arnault, said CEO-designate Olofsson was recruited to build on the strategy put in motion by outgoing Chief Executive Jose Luis Duran.

Those measures include bolstering the retailer's own-label products, bringing various store formats under the Carrefour banner and establishing real estate as a second strategic focus for the group.

Duran, a Spanish national, landed in Carrefour top job three years ago after a management shakeup. One of just a handful of foreigners to run a French CAC-40 company, Duran had risen up the ranks to replace Daniel Bernard, a 59-year-old Frenchman who had run the company for seven years.

Company Web site: www.carrefour.com

(Martin Gelnar in Zurich contributed to this item)

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