



BY MIKE KNOWLES @mikefruitnet

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## Battaglio welcomes Conad's Auchan deal

Acquisition of French group's store network in Italy creates a new leader in the country's food retail sector



Photo: Andrea S, Wikimedia Commons

One of Italy's leading fresh produce importers has welcomed Groupe Auchan's decision to sell the bulk of its business in Italy to local cooperative retailer Conad, which leapfrogs Coop Italia as a result to become the country's largest food retailer.

Turin-based importer Luca Battaglio, a major supplier of fresh fruit from around the world, told Fruitnet the move was seen largely as a positive one, especially within the Italian fresh produce trade itself.

"A big good luck to Conad, which is surely the company with the right 'physique' for such an important challenge."

Auchan Retail Italia had always respected the Italian market and the needs and traditions of Italian consumers, Battaglio added, noting that its management team in the country remains almost completely Italian.

"Conad can certainly find added value that will strengthen the supply chain," he continued, before suggesting that perhaps one day Italy might emerge as an international player in the grocery retail business.

"It would be nice to see some Italian retailers going beyond our national borders in the near future. For now it's a dream, but maybe this step will prove to be a useful move in that direction."

The French retail group, which has been present in Italy ever since opening its first store in 1989, has faced tough trading conditions in Italy of late, especially for its hypermarkets.

Last year, it closed 23 loss-making stores and resolved to focus on expanding its online and convenience offer. However, despite having around 1,600 stores in the country and boasting sales of roughly €3.6bn, the company has not been able to engineer an adequate turnaround.

Conad's managing director Francesco Pugliese said his organisation welcomed the opportunity to lead the Italian food retail pack and to integrate Auchan's operations into its own.

"We are happy to have acquired a very valuable distribution network that is undergoing a period of difficulty but which has great potential, and to place it back in the hands of Italian entrepreneurs," he said.

"Today, a great Italian company is born, one which will bring value to Italian companies and consumers."

Meanwhile, Francesco Mutti, president of Italian branded goods association Centromarca, said Conad's acquisition of Auchan Retail Italia was of great significance to the country's consumer goods sector.

"It shifts the balance in the retail business, strengthening the Italian component and putting a major player in cooperative retailing in a leading position," he commented.

"It will certainly help to stimulate moves to modernise and rationalise the modern retail trade, which is essential for guaranteeing efficiency and productivity, together with an attractive offer and increasingly better service levels for the consumer," he added.

Auchan Italy currently operates a number of different retail banners, including Auchan, Ipersimply Market, Simply Market, Punto Simply, La Bottega and Accord Italia.

In a related development, Auchan has also announced it is pulling out of Vietnam, where it had sought to make in-roads following rival French group Casino's departure three years ago.

"We started our project in South-East Asia four years ago and we have not been able to find the right economic model for the Vietnamese market," the group said in a statement.

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