



WE ARE ON THE MOVE

METRO

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THE METRO CONDENSED REPORT

2017
/18



Our world is changing. Digitalisation is creating new rules, disruptive approaches are putting business models to the test and connected customers are setting different relevance benchmarks. Our challenges are becoming more diverse - and so are our opportunities. We are open to new ideas and we are constantly evolving - because you can't generate added value by standing still. We seek out innovative ideas, test new concepts and sometimes take unconventional paths. We are always on the move -



so that we can offer our customers and partners more efficient solutions, make our value chain more sustainable and deliver on our promise as a wholesaler, now and in the future.



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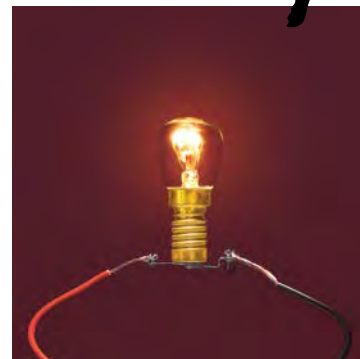
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WE ARE ON THE MOVE

We at METRO like to be on the move – that goes both for our teams and for our Management Board. Because we want to meet the people for whom and with whom we work on a daily basis. Because we want to see where change is necessary and where it is already happening. And because we ourselves are thrilled when we see our joint plans and ideas becoming reality.



OLAF KOCH

Chairman of the Management Board
— in conversation with Gill, restaurateur
and owner of Gill's in Düsseldorf



CHRISTIAN BAIER

Chief Financial Officer
— in conversation with Harald Sachs, Global
Director Corporate Accounting, and Julia
Zimmermann, Director Group Governance





HEIKO HUT MACHER

**Chief Human Resources Officer
and Labour Director**

**— in conversation with Rebecca Schmitz,
Executive Assistant CHRO, and Phillip
Weber, Project Manager METRO AG**



PHILIPPE PALAZZI

Chief Operating Officer

**— in conversation with Michael Widmer,
Managing Director of the Düsseldorf
METRO store**







Independent entrepreneurs make our everyday life more colourful and inspire us with great variety, culinary highlights and their dedication. They embody the colours of liberty. That's why it's a tremendous honour for us at METRO to be a strong partner to them. Their success is our business.

— @METRO_News

MOVING PEOPLE

Interview with Olaf Koch 1/4



② 'We don't work for METRO' is the slogan of the new METRO Wholesale campaign. Who do you work for, Mr Koch? —  Our corporate mission is to do a job for small and medium-sized businesses that goes way beyond the task of a simple wholesaler. We make product ranges available, offer services and solutions and provide advice to make these businesses more successful. We work for the customer. We are committed to meeting their needs, day in and day out. This is where we come from and where we are going as a wholesaler. It's an approach that is not only economically attractive, but also valuable to society - because the ability to experience the diversity, creativity and passion of these millions of entrepreneurs is an asset worth protecting in our society. And that's what I work for - just like all the other over 146,000 METRO employees.

② Many companies pursue a strategy of focusing on customer needs. What makes METRO different and more successful? —  As a wholesaler, we are privileged in that we can engage much more with our customers than if we served a large number of anonymous customers. Unlike retailers, we can generate high nominal sales from a much smaller number of customers, because we have a commercial relationship that results in much bigger purchase volumes. This in turn motivates us to focus far more intensively on individual customers, to build trust and to keep on learning all the time: What can we do? What extra support can we provide? We do this both in our core business and through products and services that used not to be a part of our portfolio.

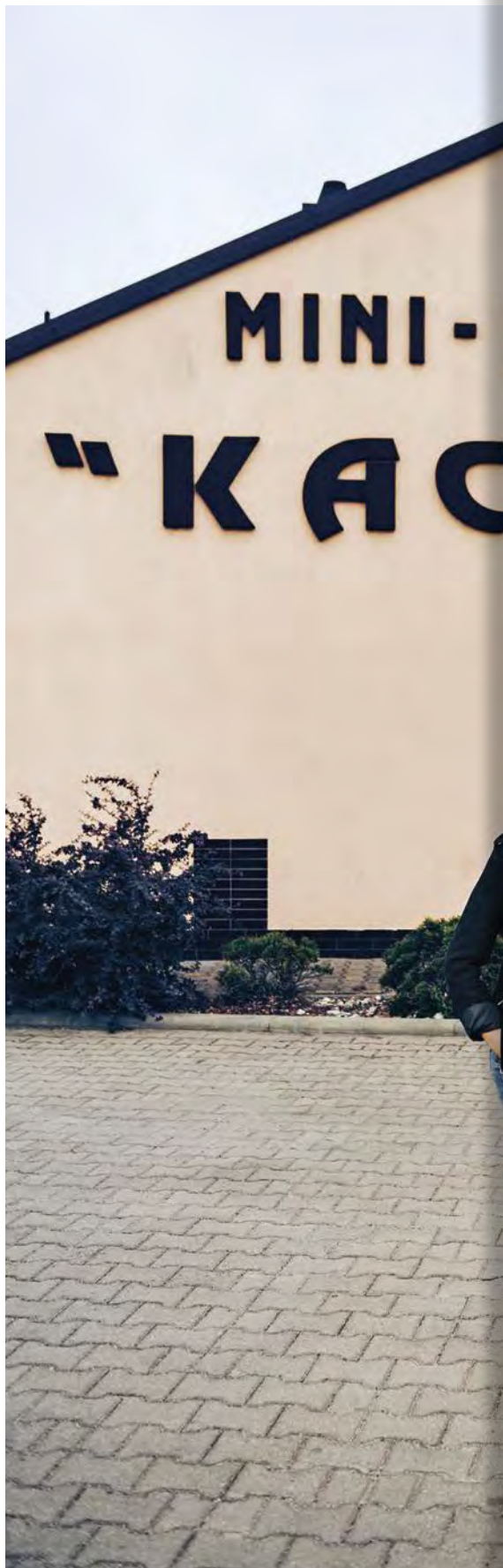
② How does METRO succeed in finding practicable solutions that meet the challenges of independent entrepreneurs and also help METRO? —  We have learnt a lot in recent years. In the past, the focus was more on standardisation on an international scale. Today, the focus has swung almost all the way round to radical localisation. In other words, through our decentralised management model, we focus on our target group in each individual country. The role of the local team is to keep on learning: What needs are there that we are not yet meeting? What trends are coming that will affect our customers in the future? What are the legal challenges that our customers have to master? At the same time, we have to keep taking the helicopter view so that we can see early on how the market environment is developing. This is the only way we can find solutions that will really help our target groups. 



INDEPENDENCE

Edyta Helak was already enthusiastic about trade 🍇 as a child – inspired by her grandmother. This passion  drives her to this day. Edyta now manages 4 shops in the region to the north of the Polish city Poznań and is an entrepreneur through and through: ‘MAKRO and I basically do the same thing – just on different scales.’ 





OPEN NESS

As a sales force employee at MAKRO Poznań, Błażej Górlaga is responsible for trader customers like Edyta 🤝. There's a simple reason why he has such a good rapport 😊 with the independent entrepreneurs: he knows his customers very well 🎯 and is always open to what they have to say.





STRONG PARTNERS

Together, the two of them are an unbeatable team 🙌 and complement one another perfectly: Edyta and Błażej speak on the phone every day 📞 and Błażej visits Edyta in person every Tuesday. They discuss products, placements and prices - and new ideas 💡 for Edyta's shops.

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LOCAL CHAR ACTER



Edyta describes herself as an inveterate optimist 😊. This is one of the reasons people like to come into her shops – not only for the wide product range and the service quality, but also because Edyta ❤️ understands them, responds to their individual needs and takes time for them. This is something we are delighted to support! 👍





How can we make processes more economical, simpler, better?
With the driver app for our METRO drivers, for example. Less effort, less paper,
more transparency in delivery – digitalisation at its best!
—— @METRO_News

MOVING GOODS

Interview with Olaf Koch 2/4



② Food Service Distribution is a strategic growth area for METRO. How much potential do you see here in the future? —  We need both: Food Service Distribution and store-based wholesale. Store-based wholesale is very important and will continue to be so. Our customers like selecting products from us in the store, receiving advice and meeting other chefs and retailers. Wholesale stores are a marketplace for products, but also for expertise and face-to-face encounters. That's something we should never lose sight of.

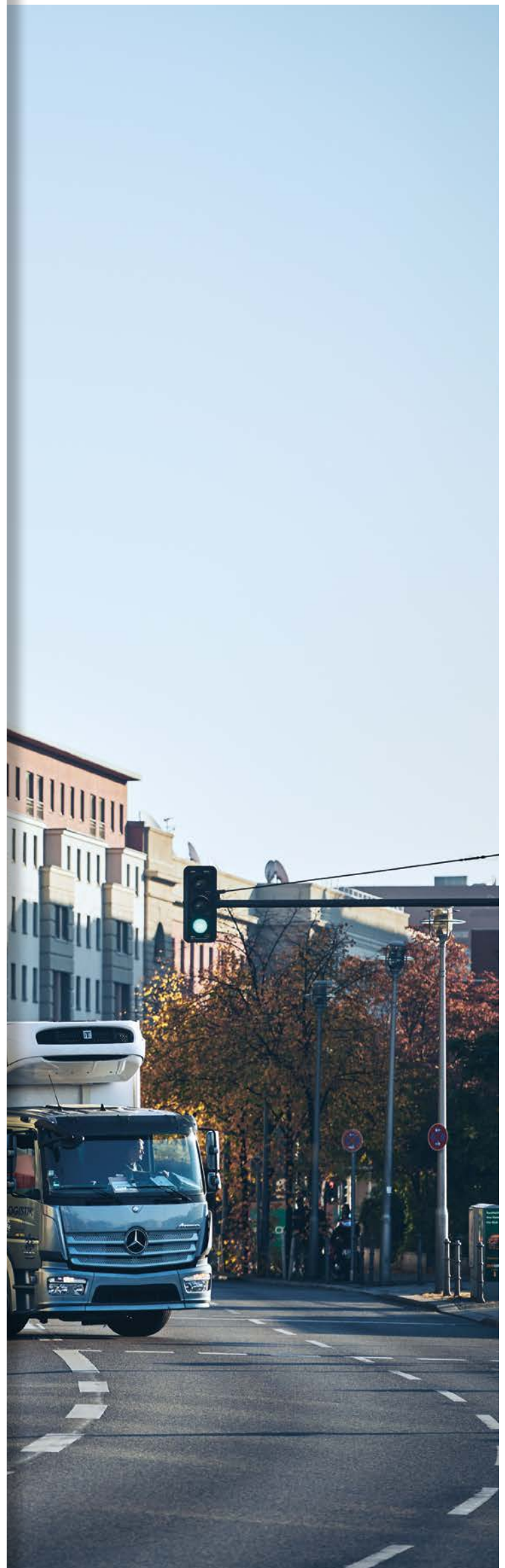
② The fact is, though, that more and more customers also want us to deliver ... —  ... yes, exactly. That's why we launched our delivery service 10 years ago. Sales are already over €5 billion – and we have by no means exhausted the growth potential. We also want to improve our service quality further. The aim is to make our processes and our interaction with customers as easy and efficient as possible, for instance through innovative interfaces and the digitalisation of our customer relationships. Many things are already running very well and we are working hard on further improvements. Ideally, food specialists will choose us because of our product expertise and service quality, but also because they can work with us efficiently thanks to digital tools.

② That means digitalisation is indispensable, even – and especially – for the food delivery service. How far has METRO progressed along this path? —  Digitalisation in the context of delivery starts with the customer and extends as far as our warehouses. Our M-Shop online shop is a tool for interacting with our customers. Processes like order processing and warehouse restocking are already completely digital because we restock for the following day based on stock levels and orders received. Another big step is digitalising the work of our drivers. Our driver app simplifies the administrative work for drivers, cuts transport costs, reduces paper use by up to 50% and makes data more transparent. We will be able to make further improvements to processes on this basis. 



PER FEC TION

👉 **Arne Anker is an incredibly laid-back kind of guy. The Michelin-starred head chef at the Berlin restaurant Pauly Saal delights in serving up fabulous culinary creations. In his kitchen, precision  takes precedence over improvisation. Every hand movement made is perfect. After all, this is a Michelin-starred kitchen. ☆**





AT THE RIGHT TIME

If Arne Anker and his team are to perform at their very best 🏆, all the various processes have to run completely smoothly. This includes goods delivery 🚚 FAST. METRO supplies the restaurant with fresh ❄️ produce once a week – reliably, punctually and with the assistance of its own specially developed driver app. 📱





MAKING WHAT'S GOOD EVEN BETTER

Can good hospitality solutions be made even better? Yes, they can . This is something that the experts at METRO-NOM firmly believe. They draw on agile processes, continuously gather feedback and quickly further develop their solutions. 



METRO NO MIANS

**Philip, Paola,
Mohamed and Brent
work in METRO's
technology unit 
METRO-NOM and
are the ones who
actively implement
digital transform-
ation. Within their
teams, they develop
IT solutions for all of
the METRO countries
 and work on
topics such as big
data, personalisation
and augmented real-
ity  - with agility
and self-organisation.**





No one knows the wishes of our customers better than our customers themselves. That's why they are our co-designers in our store planning – testing measures virtually before we put them into practice. Perfect teamwork!

— @METRO_News

MOVING BOUNDARIES

**Interview with
Olaf Koch
3/4**



? METRO Wholesale sees itself as an omnichannel provider, combining modern wholesale stores with Food Service Distribution. What does that mean exactly for the customer? —  For every product or service we offer our customers, we have to ask ourselves how we can make the shopping experience simpler and more cost-effective, but also more attractive. This means we are constantly testing new technologies in our stores. In our Compact Stores in France, for instance, our customers can pre-order product ranges that aren't available in-store. The products are sent straight from the warehouse and are held for them at the store. In addition, our customers can simplify the in-store checkout process by scanning products themselves. Then all they have to do is validate their purchase quickly at the end and pay. Saving time is an extremely important factor and something that is permanently in our sights.

? Customers helped design the Compact Store concept from the outset using virtual reality. Was this approach effective? —  Definitely. In fact, it proved valuable even before the store became a reality. Thanks to virtual reality planning, we were able to consult our customers at an early stage of the process and optimise the store design accordingly. As a result, we were able to avoid construction errors that we would otherwise probably not have noticed until later. However much thought goes into planning things on paper, they often look different in practice. With VR planning we can let people experience the reality beforehand. We see a huge potential here for future projects as well.

? The new METRO Markets company is working on developing an internet version of the existing cash-and-carry business model. To what extent do online shops and store-based wholesale complement one another? —  At our physical locations we are able to economically offer some 40,000 to 50,000 products. But our customers are looking for a much broader range of products. That's why we set up METRO Markets: to link to suppliers all over the world who offer these products. In other words, we are opening a huge marketplace by giving other retailers access to our customer base of over 24 million commercial customers. This approach lets us expand our product range considerably and gives our relevance another significant boost. 



VIR TUAL REAL ITY

The wholesale store as a computer game – the customer as a co-designer: already at the planning stage, hotel owner and head chef 🍳 Franck Subileau can visit the new store in Alès in the south of France and can contribute his design requests 🪄. This is possible thanks to virtual reality.



A person is shown in profile, wearing a VR headset. The background is a solid red color. The person's face is partially obscured by the headset, and they are looking towards the right.

ANA LOGUE AND DIGITAL

In the age of omni-channel retail, the lines between the analogue and digital worlds  are becoming increasingly blurred. In the so-called phygital world, the trade sector stands out with intuitive technologies that make for the perfect shopping experience . The analogue store  continues to be an integral part of trade.





CO— CRE ATION

Isabel Rudolf-Staubach, Head of Innovation  and Customer Experience at METRO, and Franck Subileau are the perfect co-creation partners. Together with other customers, they developed, tested and designed the Compact Store in Alès entirely with virtual reality  - and this included timely  error correction.





EFFICIENT SHOPPING

Simply scan your customer card  - and bienvenue to the first METRO Compact Store! The store is well organised, the distances from A to B are short and various  technological applications make the shopping  process easier and allow the customers to save time. This is a format with potential.

**METRO
BIENVENUE**

BADGEZ-ICI

**BESOIN
D'AIDE ?**

METRO



In Europe, there are 1.8 million food service businesses with a purchasing volume of around €120 billion. This is no doubt the most exciting industry that largely has yet to be digitalised!

— @METRO_News

MOVING HOSPITALITY

**Interview with
Olaf Koch
4/4**



② Promoting digitalisation of the food service industry is a key objective for METRO. Where and how are you approaching this? —  We have been working on this issue for years and now have a good understanding of the challenges and opportunities associated with digitalisation for independent food service businesses. To test the economical benefit of digital applications – such as table reservation, inventory management and personnel management apps – we use our project METROpolitan Pilot which comprises over 500 businesses in 5 European cities. We are convinced that with the help of digital tools we can not only increase our customers' sales and profit margin, lower their costs and improve their sustainability, but also reduce tedious time-consuming administrative tasks.

③ That sounds promising – what do food service businesses have to do? —  They have to embrace digitalisation. Our dish.co platform was set up to make the process as pleasant as possible. It has free offers for users and illustrates new possibilities. We hand our customers the key to digitalisation on a plate – with a range of solutions, including a free website and an entry-level tool for online table reservations. In addition, the platform gives food service businesses access to industry-specific information and the possibility to connect with other professionals. In this way, we want to further increase our relevance as a partner to independent entrepreneurs.

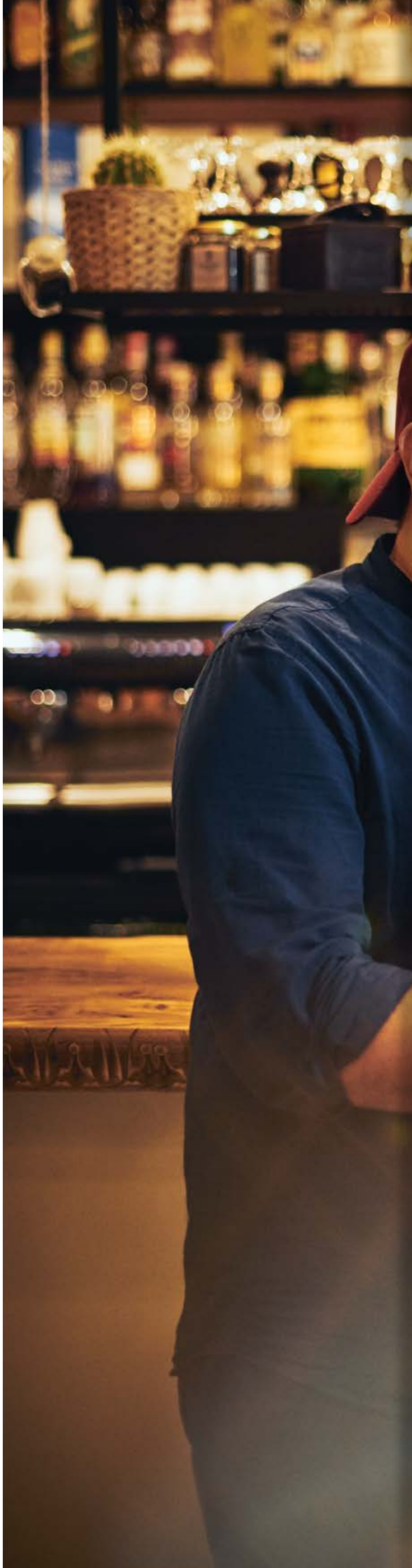
④ What economic advantage does METRO hope to gain from this service? —  As we generate added value for our customers, we expect to expand our business relationships in a positive way. In addition, we anticipate that dish.co will prove an exciting tool for making people aware of METRO and attracting new customers. And we are convinced that we offer an ideal platform for third parties looking to bring digital solutions onto the market. Part of what makes digitalisation so difficult in the food service industry is that the sector is so fragmented. With around 1.8 million food service businesses in Europe, that's 1.8 million doors to be opened and at least as many conversations to be held. It is much more cost-effective to reach this target group through our platform. 



SLOW FOOD

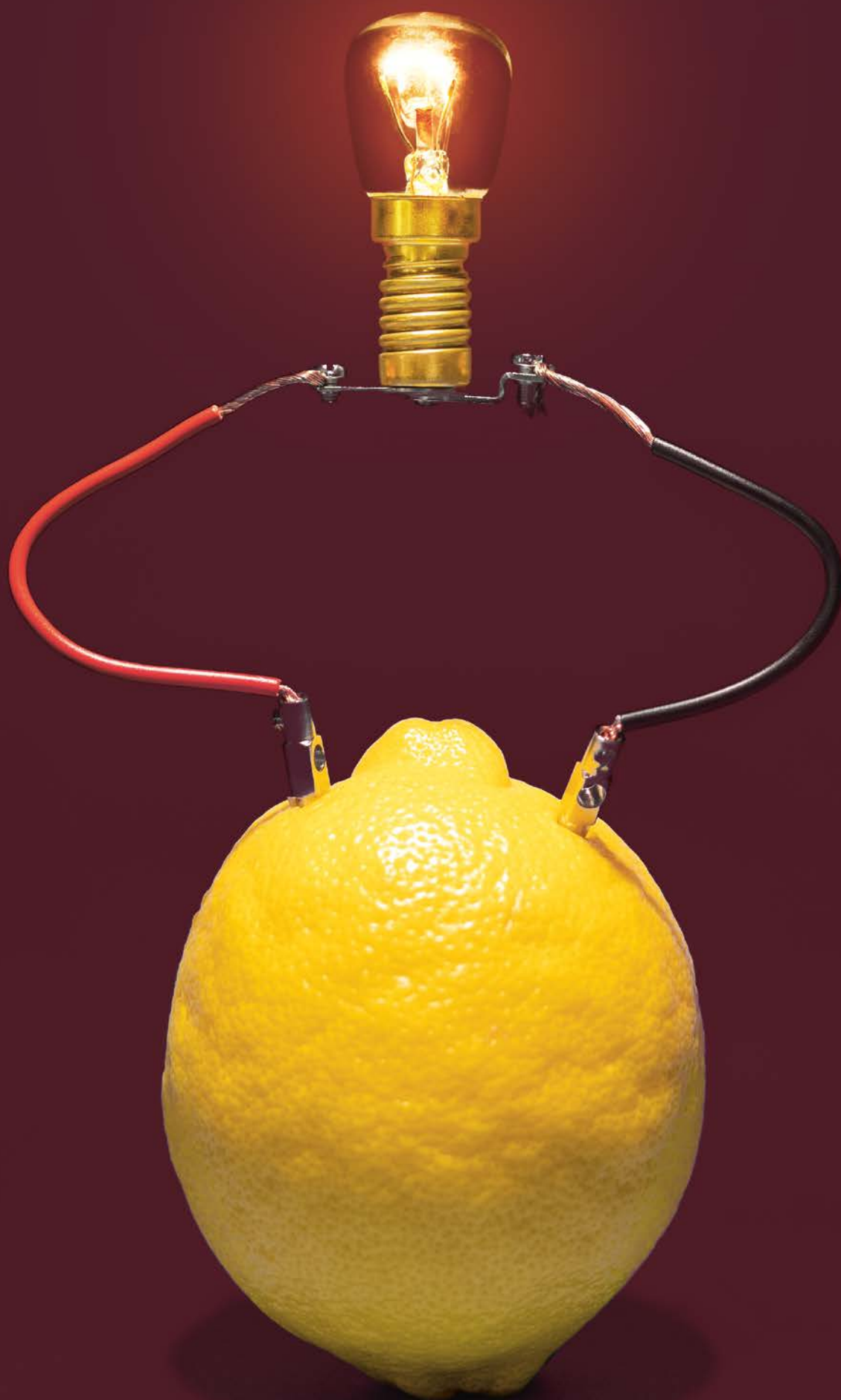
**Opening a restaurant in the heart of Milan calls not only for courage 🏆, but also for a fully developed concept. Luca Rudi-
losso and his co-founder have both. At SlowSud, they serve traditional Sicilian dishes 🍴🍷 – slow food that boasts clever interpretation and digital 📱 support.**

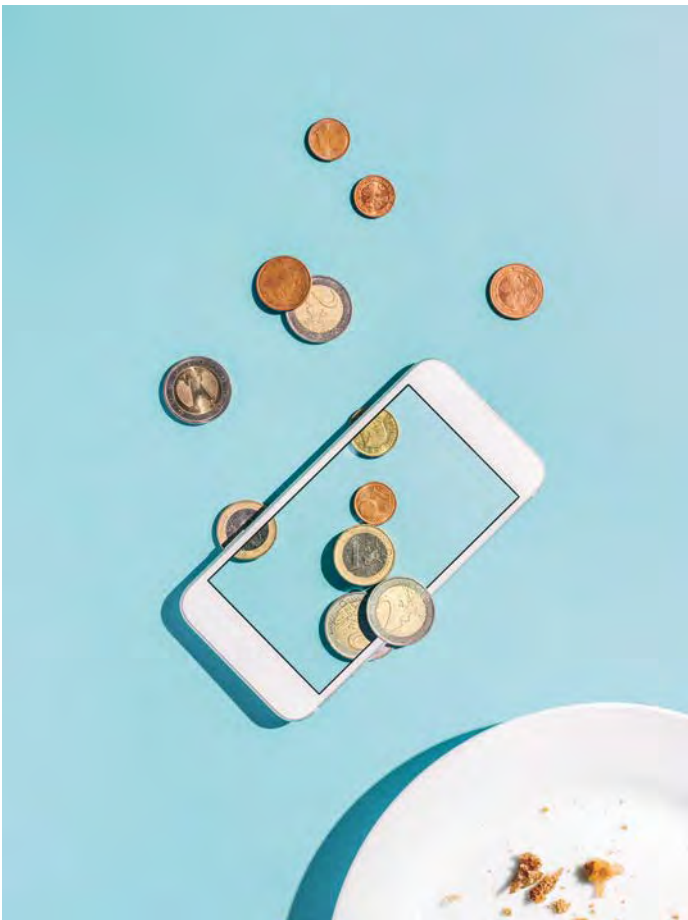




IDEAS FOR THE FUTURE

METRO brings more than 100 start-ups and 500 hospitality operators in 5 European cities together within the project METROpolitan Pilot  in order for them to put digital solutions  to the test in practice, to promote dialogue  and to foster digitalisation within the hospitality industry.





LO CALLY DIGITAL

Luca systematically makes use of digital solutions 📱 at SlowSud, among other things for the cash register, for table reservations and for managing customer ratings. The benefits are more efficient organisation 🔄, less administration and more time to devote to the guests. 🎁





TIME FOR WHAT REALLY MATTERS

Everything at
SlowSud revolves
around dishes 🍷
prepared according
to the traditional
Sicilian recipes that
Luca's grandmother
used 🔥 and which
now delight his guests
in Milan. Proving
that you really can
preserve tradition
while helping to
shape the future. 💡



PLAY!



**WWW.METROAG.DE/
WE-ARE-ON-THE-MOVE/
REPORTS**

GO FOR IT

KEEP ON MOVING

ILIKE TO MOVE IT

KEEP ON MOVING

TIME TO MOVE

WE ARE ON THE MOVE

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KEEP ON MOVING

KEEP ON MOVING

GO FOR IT

ILIKE TO MOVE IT

MOVE FAST AND BREAK THINGS

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