

## Real



### Content overview

- ▼ In figures
- ▼ The company
- ▼ The business concept
- ▼ Innovation
- ▼ PAYBACK



The Real brand name is associated with a comprehensive assortment of brand-name and private-label products, products that are always fresh and products that are a good value for the money. In these large-format, hypermarkets, customers can quickly and easily find products to cover all of their daily needs, from food to electrical appliances to clothing. Real hypermarkets are conveniently located, big and clearly laid-out.

Under the umbrella of Real SB-Warenhaus GmbH, the company operates around 350 hypermarkets throughout Germany and currently runs around 90 more in Poland, Russia, Romania and Turkey. It intends to enter the Ukrainian market in 2008.

The brand profile of Real is aimed clearly at young families with children and the 50-plus generation. Real reinforced its claim to market leadership by integrating Wal-Mart's hypermarkets in Germany during the first half of 2007. The company is taking advantage of market opportunities and improving its competitive position by opening new stores in target markets, both in Germany and abroad, and by conceptually realigning already existing stores.

## In figures

Real	
Locations <sup>2</sup>	428
Number of countries <sup>2</sup>	5
Real sales revenues <sup>1</sup>	11.0 bn €
Real's total commercial space <sup>1</sup>	3.1 mio sq m
Real employees (annual average, full-time) <sup>1</sup>	54,734
Total number of articles in product line <sup>1</sup>	up to 80,000

<sup>1</sup> Status 31 December 2007

<sup>2</sup> Status 30 June 2008

## The company



Real was created by the 1992 merger of several successful regional hypermarkets. In 1998, the chain was expanded when a total of 114 hypermarkets from the Allkauf and Kriegbaum companies were integrated. In 2006, Real acquired Wal-Mart's hypermarkets in Germany, as well as the Polish stores of the French hypermarket chain, Géant.

## The business concept



Brand articles and strong private labels guarantee a high-quality product line in both the food and non-food segments. Real places a high emphasis on quality and freshness in the food segment, which accounts for the bulk of sales. Food safety is the highest priority when selecting and buying products. The company also offers a big selection of electronics, books, sound storage devices, household goods, sports products, toys and leisure products, as well as clothing and shoes. Concepts such as "Beauty & More" (in the drugstore section), "Baby, Kids & Co." (products for children from birth to age 6) and the innovative shop-in-store program, "Best of Books", have demonstrated that Real is a pioneer in German retailing. Since the end of August 2004, Real has also been marketing vacation travel.

Real places particular emphasis on presenting products in an attractive, well-thought-out format. An improved customer guidance system makes it easier for customers to navigate the store. The store layout is now easier to understand and it satisfies customers' demands for transparency and a shopping environment. The modern store layout and more attractive prices also improve the brand profile as a family-friendly company that offers good value for the money. Real's balanced combination of self-service and service booths distinguishes it from both discounters and competitors in the hypermarket segment. Real stores place particular emphasis on providing skilled customer advice. Accordingly, it continually makes substantial investments in professional and personal training for its employees.





In addition to its attractive pricing, Real's market success can be attributed to a sophisticated logistics system: state-of-the-art processing of scheduling and invoicing, automated inventory management and computerized ordering systems facilitate on-time store deliveries.

### Real focuses on innovation and quality

Real's self-image has traditionally emphasized a high degree of innovative ability. The company highlights its leadership position in this area by continually deploying new technologies in its stores. For example, Real continues to be the only German retailer that offers self-service checkouts – at more than 65 locations – in addition to traditional checkout counters. In such facilities, customers can scan their purchases themselves and therefore can determine how long the checkout process takes. In addition, 157 stores are already equipped with "smart" scales that automatically recognize different types of fruits and vegetables, thereby simplifying price labeling.



Top quality and safety are priorities in every product segment. Real's quality-assurance system guarantees compliance with its high standards, which far exceed legal requirements. Suppliers must meet strict testing criteria and continually undergo intensive monitoring. Quality and product safety are also the core subjects covered in the regular and thorough training programs held for employees.

### PAYBACK: Germany's most successful loyalty card system



In order to increase customer retention, Real continues to use the successful PAYBACK program. Real is a founding member of the PAYBACK bonus program, Germany's most successful loyalty system covering all industry sectors and media. The free PAYBACK membership enables customers to get discounts from numerous German partner companies, including retailers, online providers and insurance companies. Since it was launched in March 2000, Real has attracted 8 million of the program's 28 million cardholders, thereby making a considerable contribution to the system's success. Now, more than half of all checkout transactions at Real involve the use of a PAYBACK card. Every Real hypermarket in Germany is equipped with a "Punktomat" – a customer terminal where PAYBACK cardholders can find out how many points they have and can print out the countervalue in the form of a credit which they can immediately apply to their purchases.

On a related note, the company launched the "familymanager" initiative with its industry partners, Procter & Gamble and Nestlé. This initiative is aimed at families with children and consists of three components. Along with a customer magazine bearing the same name with articles and tips for the family, the initiative has developed an in-store concept for the target group. In addition, to demonstrate social responsibility, it provides kindergarten donations under the slogan, "You buy. We donate".