



ΒΕΡΟΠΟΥΛΟΣ



Interview with Nick Veropoulos, CEO of Veropoulos Stores and a member of the ECR Europe Board.

Why have you got involved in the ECR movement?

NV: We think we gain more by exchanging knowledge and information with our suppliers than by maintaining a traditional relationship, where everything was a secret.

We had a traditional approach for more than 20 years and we built a reputation as being a very difficult company to work with. But with increased competition, I felt we were beginning to let possibilities slip – failing to grasp vital knowledge and missing co-operation opportunities with our suppliers.

We could do much more with them than we could alone. For example, we weren't good enough at category management, merchandising or handling out-of-stocks. Co-operation helps us understand the market better, it trains us

to listen to our suppliers and, as a result, be more prepared to listen to our customers.

So you are talking about significant cultural change for your company?

NV: Yes. I got involved in ECR when we had big internal changes in our company. The person who led our involvement – our ex-commercial director – saw the benefits of ECR as early as 1995, but he left in 1997. After that, I picked it up.

Why are you on the ECR board? What are the benefits?

NV: By participating on the board, it keeps me up-to-date with new ideas and ways of thinking. I try to see the future through the eyes of other CEOs and managers with different experiences who lead companies of different magnitudes.

What are the competitive challenges you face in Greek retailing?

NV: Greece is a small market with ten

In retailing, does size really matter?

INTERVIEW

with Nick Veropoulos,
Athens, Greece

Can a family-owned retail chain in a relatively small market really benefit from ECR? Yes. Because it's all about learning, listening and improving

million inhabitants. The country has a difficult geographical structure, with tall mountains and many islands. Of course, that makes the country beautiful, but it requires a complicated transport network. Greece's economic growth has also lagged behind other European countries.

Over the years, important retailing brands such as Marinopoulos, AB-Vasilopoulos, Veropoulos, Sclavenitis have emerged. They are much smaller than other retail chains in Central Europe, but they are still the leading brands in Greece, accounting for 45 to 50 per cent of the total supermarket business. There are still many small independent stores, and two of the big chains – Marinopoulos and AB-Vasilopoulos – are now owned by multinational companies – Carrefour and Delhaize respectively. The other two are family owned.

Greece is still a typically traditional Mediterranean market, where the biggest concentration of inhabitants is around the country's two biggest cities, Athens and Thessaloniki. Because of these characteristics, a chain with a large number of stores can have an expensive distribution network.

So the biggest challenge is to continue developing in a small market, responding to the traditional buying habits of Greek consumers, while competing against multinationals which can operate with losses for a number of years.

Your stores range from 1,000 to 4,000sq ft?

NV: Our formats vary. In Greece they average around 900sq m sales area – the smallest are around 350sq m and the largest are above 2,000sq m, situated in urban areas, usually with a car park. We have tried bigger formats outside Greece. Those stores vary from 1,000 to 6,000sq m. Generally, we sell about 20,000 to 25,000 live stock-keeping units (SKUs).

Greek consumers tend to buy bigger portions than other European consumers. A typical housewife won't buy 200g of liver, she will buy four kilos of steak, or two chickens. To show she loves her children, she has to load them with food.

That buying habit is beginning to change, though, especially in big cities. We have more single families and working mothers. Cooking at home isn't as important as it was ten years ago. So, ready-to-eat meal solutions are becoming more important. But Greek consumers will always have a Mediterranean attitude.

How are you coping with the new international competitors?

NV: They started in 1992 with hypermarkets of 10,000sq m – a combination of food, non-food, electronics and aggressive pricing. It was a revolution. But they did not gain the market share they were expecting. This was mainly because existing Greek



The biggest challenge is to continue developing in a small market while competing against multinationals with deep pockets

retailers had a better, more convenient food offering. Their stores were much closer to shoppers' homes.

Greek consumers don't make shopping into a programme, where they plan a big trip and take the whole family. If they want an excursion, Greek families can have an excursion every day. They can go swimming in the sea, six months of the year.

I think this is important. The supermarket is not that fantastic an excursion for the traditional Greek family. We have more interesting things to do.

So, eventually Carrefour and Delhaize realised they had to buy existing competitors in order to have a combination of store formats. They put a lot of emphasis on medium-size stores of 1,000 to 2,500sq m sales area. It seems that is working better.

So you understood the Greek market better than they did?

NV: Well, I can say that they are fast learners of our market – and we are fast learners of their skills and new ideas. But they can pay astronomical prices for a piece of land, while we need to be very careful with such moves.

Are you confident you can compete against these international giants?

NV: Who is confident about anything? I am sure of two things, however. First, I am a very stubborn person. Second, I love

food retailing.

I find it a very interesting and rewarding job, and in our organisation we try to improve all the time. In the last ten years, our chain has grown substantially both in the number of stores and improved store formats. In 1990 we had 34 stores. Today we have 204.

So I think our best protection is to try and improve every day and never stop doing that – even for one second.

In addition to internal improvements, we have expanded beyond the Greek border into markets such as the former Yugoslav republics of Macedonia and Serbia. These were high-risk areas, but we were prepared to take those risks.

Today, we are the leading retailer in Macedonia and the first foreign retailer to open a superstore (6,000sq m) in Beograd (Serbia). We are happy to use these stores to try new things and innovate. And when these new ideas work, we apply them back in Greece.

What is it like to open stores in war zones?

NV: You lose sleep at night! In Macedonia we went through some very difficult times during the internal fighting in 2000. Some of our stores were right in the middle of war zones, including the city of Tetovo, where we have a large store.

But we are very stubborn and we did not close any stores, even for one day.



The supermarket is not that fantastic an excursion for a Greek family. We have more interesting things to do. We can go swimming in the sea

Will you expand further?

NV: We are concentrating our attention on these two markets. We don't want to expand into too many markets. We've made that mistake in the past. The name of the game is not how fast you expand, but how well you expand.

What about store loyalty?

NV: We still need a lot of improvement here. It is also an opportunity for us. Over the years, we were very dynamic in new store openings, adapting new technology and organising our infrastructure. But we forgot to listen closely enough to our consumers. In the last few years we've changed that and we do see an improvement in our loyalty. However, we don't have a loyalty card.

Within the company, do your managers talk about ECR, or just specific issues?

NV: We don't use the phrase ECR in the company. We use different phrases such as "better relations with suppliers" or "listen to customers". Our managers are familiar with these ideas.

How does being part of Spar help you?

NV: We have belonged to international Spar since 1967, but we are the only company member of Spar not to have a single franchised store. We are also the only member which does not use Spar as the brand name of our stores.



Over the years Spar has helped us widen our horizons with new ideas and develop our own-label products (Spar, of course).

Looking at how ECR is evolving, from your point of view, what should we be concentrating on?

NV: In Greece, we are operating as a big retailer, so the suppliers are concentrating on us. We are probably one of the first two or three they will talk to.

On the other hand, I have a feeling we are missing out on some important projects, because Greece is a small market within Europe. I have seen magic things, such as very good category management or effective loyalty schemes, in countries such as Poland or Hungary which are not happening in Greece. That is because the big suppliers are focusing their resources where they think they can get the biggest returns in big markets. That is an opportunity we are missing.

So being a big fish in a small pond has its drawbacks.

NV: Yes. But it is also a protection. If we were in a big pond, there are big fish that might want to eat us alive... in seconds.

We keep on hearing about the store of the future, technology, RFID and so on. How do you see these technologies

The name of the game is not how fast you expand. We've made that mistake in the past. It's how well you expand

evolving? Are they over-hyped or undervalued?

NV: I am sceptical about high technology, because we have proved to ourselves that we can improve many things by using our existing technology a lot better. We have a human problem, not a technology problem – training our people, motivating them, and being commercially more focused. That is our big problem.

We follow the technology, and we must have enough resources to buy it. But, I've learned from experience that technology alone doesn't make a difference. We have to motivate people. Technology is just a tool which has to be selected carefully in order to service our goal. We must not let it become the goal itself.

So how do you motivate your people?

NV: A good question. We have done better lately, but we still have a long way to go. We don't have the reputation of being the best player. On the other hand, we are known for having warm relationships with our staff.

Basically, we pay industry-standard salaries – labour cost is a major issue for us. And we are trying to reduce labour costs by improving productivity. It comes down to training – trying to bring the right culture to the people and being close to our employees.

How can you instill a sense of pride? Do you have managers working on the shop floor like (UK retailer) Tesco?

NV: This August I spent a week working at one of SuperQuinn's stores in Ireland. I did this as training for myself. I reminded myself how tiring the work was, but I also remembered how exciting selling could be.

Lately, I have a feeling that our managers are growing more remote from the daily operation of the job. Commercial managers come up with a new idea. They pass it down to the sales managers, who pass it down to the area managers and the store manager – and it is eventually executed by store trainee managers and part-time employees. In this way, a good idea is eventually applied by amateurs and the result is not the expected one.

So, execution is part of the top manager's job! That is why we have introduced schemes where top managers have to spend time on the shop floor.

Tell us about being a family business dealing with international suppliers.

NV: We are lucky enough to have very few family members in our business. Basically, besides the founders who retired in 1997, it is just me and my cousin. We try to operate our business as if we were being paid by someone else.

My employers are the banks who finance our expansion. When I have a meeting with our bankers, I try to make it



I am sceptical about technology. We can improve many things by using our technology better. We have a human problem, not a technology problem

feel like I'm reporting to my boss. And that is what I try to tell our staff – that being a family-owned business doesn't mean we can do whatever we like. Our bankers and our suppliers basically "own" our company by investing their resources with us.

In this way we try to have an international attitude in our company.

When you talk about close relationships with suppliers, do you mean big multinationals or local suppliers?

NV: Around 90 per cent of our business is done by no more than 80 suppliers. These can be both local and multinational. Of them, 30 to 35 can really work with us on ECR practices and know what they are doing. Usually, multinationals are more skilled than local suppliers, although some major local suppliers have improved much in the last three to four years.

So how do you work with the others?

NV: We continue with traditional kinds of relationships. It is too dangerous to try and disturb something which is at least profitable.

So it's a bit of a double life.

NV: You could say that. The suppliers who do successful ECR projects with us find their products have more space in our stores. And those which don't practise ECR successfully will eventually find they are losing ground.

The suppliers who do successful ECR projects with us find their products have more space in our stores. Those who don't will lose ground