Edeka-Netto Marken Discount format in Germany

"Where the format was born, now the aim is to manage its state of maturity with technological efficiency and environmental responsibility."

Germany, the homeland of the discount store, is characterised by its high commercial density and evident lack of attractive locations — in this saturated context, the response of Edeka, the renowned company at the head of the Bavarian Netto Marken-Discount, was therefore based on the basic aspects of modernisation, conversions and extensions of the existing outlets. This process was incorporated into two major components, namely, a commitment to eco-sustainable construction and technological innovation.

Netto Marken-Discount offers a comprehensive local supply nationwide with a selected mix of branded and private label items, regional products and reusable packaging drinks at discount prices. Week after week, more than 21 million customers shop in 4 304 branches nationwide, served by 84 000 employees. With a turnover of 15.8 billion euros (2022), the subsidiary of Edeka-Zentrale is one of the Top 3 in the German food discount market.

With more than 5 000 products, Netto offers the widest range of products among all food discounters in Germany. The focus is on fresh food such as fruit, vegetables, self-service meat and sausage products, dairy products and bread and baked goods. Another focus is on localised regional origin.



External view of a Netto Marken, where the displays are smaller and more rationalised than the stores of the parent company Edeka.

How was it done?

Among the most important innovations adopted by Netto, the 'recognition technology' stands out (in fruit and vegetables, with bulk references automatically recognised by a special photometric system) and the 'self scanning' used with the smartphones of the same customers (Pick & Go Technology).

Recognition Technology is a system that uses artificial intelligence and vision to identify fresh products: this technological device saves time





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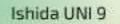






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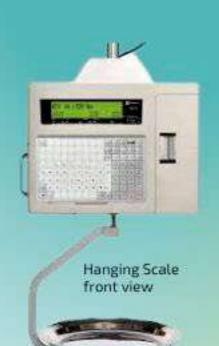
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STOREWATCH: Edeko Netto, Germany

in the usual operations of recognition and handling at checkouts, prevents theft and reduces the need to wrap and label individual fruit and vegetables. This technology results in great time savings for both the Netto staff and the consumers.

With the opening of the Pick & Go branch in Munich-Schwabing, Netto Marken-Discount was the first discounter worldwide to make autonomous shopping possible without checkout processes or item scanning. When entering the branch, customers simply check in using a QR code. They then place the products they want directly in their own shopping bag. After scanning the QR code again, they leave the branch through an express exit. The purchase amount is automatically paid using the payment method stored in the net app.

This pilot project was made possible by sensors and mini-PCs on the shelves and in the ceiling. The removed products are recorded and assigned to the respective customers. With this pilot project, Netto Marken-Discount is accommodating all those customers who want a faster and more modern shopping experience. The hybrid concept of the Munich innovation branch also made it possible for less smartphone-savvy customers to shop at the checkout as usual.

Image courtesy of Ronald Rampsch, cio.de



Image courtesy of Philipp Klöckner, Netto



Above: Image courtesy of Philipp Klöckner, Netto. Below: Eziz Nurmuhamedov, Netto Marken-Discount

What makes Edeka different?



The German discount retailer has set its own future by detaching itself from quantitative imitation (detrimental to healthy and lasting growth) and finalising all its potential in the qualitative exclusivity of efficiency projects.

In addition to this, it has made a public commitment towards eco-sustainable conduct and energy savings. Edeka has come up with a transparent commercial proposal, based on four

Netto Marken-Discount was the first discounter worldwide to make autonomous shopping possible without checkout processes or item scanning. When entering the branch, customers simply check in using a QR code.

Image courtesy of Marc Stemerding, Netto Marken-Discount



symbols and wordings (since June 2021) on the products displayed on the shelf, so as to highlight, despite any commercial risk, a reliable level of compatibility with the sensitive issue of respect towards the environment.







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The phrases that accompany the products on the counters read as follows ...

- For greater biodiversity
- For greater asset protection
- For better protection of water resources
- For better climate protection.

Netto Marken-Discount provides qualified and customer-oriented local supply throughout Germany. The company also knows how to set trends in terms of sustainability: when it comes to drinks, Netto has the largest environmentally friendly reusable range of all German discounters. In addition, the company is one of the most important retailers of organic food in Germany and is constantly expanding its regional product range.

Their own brand, BioBio, plays an important role in the Netto product range. Based on current customer trends, Netto is continuously revising its BioBio range and thus strengthening its food expertise.

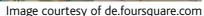
Netto Marken-Discount also supports many local farms throughout Germany on a permanent basis. The food discounter has been committed to a more sustainable product range since 2008. All products in the range are sold with a surcharge of 10 cents. This donation allowance is distributed without deductions to the participating farmers in Germany. With the purchase of an item from this range, Netto customers have the opportunity to support local agriculture together with Netto Marken-Discount.

Image courtesy of eurofresh-distribution.com









Sustainability and acceptance of responsibility are part of the lived Netto corporate culture.

Netto Marken-Discount has been involved in numerous initiatives over the years ...

 Since 2012, Netto has been a partner of the "RTL Foundation – We Help Children" and supports national and international children's aid projects with customer and corporate donations.



Image courtesy of Kevin B. Netto

- Since 2015, as part of its partnership with the WWF, Netto has been committed to sustainability, environmental protection and resource conservation in order to further reduce its own ecological footprint.
- Netto donation initiative: Netto works with its customers to help socially disadvantaged children in Germany. With the Netto donation





initiative, Netto enables its customers to support various aid organisations over the course of the year with their rounded-up cash amounts and deposit vouchers. With the words "simply round up" the purchase sum is increased to the next 10 cent amount during the payment process at the tills and the difference is donated to the donation partner. Netto also gives its customers the opportunity to support the social project with their bottle deposit.

• With the popular Tabaluga product range, Netto offers its customers a strong, varied range for kids: from crunchy fruit and vegetables to fruity drinks and child-friendly drugstore items. Netto supports the Peter Maffay Foundation from part of the proceeds from

the Tabaluga exclusive brand products.

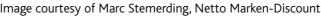


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Management's commitment



Claas Meineke, member of the Executive Board as well as Director of Sales & Marketing at Edeka Zentrale, declares with in the annual report the firm's ambition ...

"We want customers to follow us on our journey, we intend to generate enthusiasm for 'sustainable consumption' across all channels."

On the corporate strategy, he then adds the determination to profitably reconcile 'digital transformation' and 'core business'.

"It is now necessary to do so, promoting those ideas that increase the level of digitisation in our way of distributing, constantly reviewing the way we do things. Very significant examples are solutions such as those already adopted in 'loyalty' programs (Edeka App) and those related to the technologies now in use at checkout barriers."

As for the delicate issue of social responsibility, Meineke is even clearer ... "The Edeka Group is an integral part of society, therefore it strongly wishes it to be clean. All this faithfully reflects the corporate DNA. After all, all this is very evident in the 'design' of the products, in the choice of 'locations', in the infrastructures and above all in the contribution to social cohesion made by the cooperative of independent entrepreneurs which is under the umbrella of Edeka."



Markus Mosa, between 2001 and 2007, was Chief **Executive Officer of Netto** Marken Discount (a brand that has been part of Edeka since 2005): the manager now holds the important role of Chairman of the Board

of Directors in Edeka Zentrale, but has always a particular regard for Netto and his connection with Fdeka.

"Our creed (both in Edeka and in Netto) consists in seizing opportunities, expressing potential, focusing on 'strengths' and above all thinking about things in new ways. This is how we have continued to grow, even during the pandemic."

Mosa goes further and mentions the main 'fear' of these times, the one that risks halting the continuation of growth - inflation.

"The inflation phenomenon is forcing many people to weigh every penny, which is why it becomes extremely dangerous when the industry tries to ride the wave with the aim of maximising profits. As distributors, we take the role of 'consumer advocates' very seriously, with particular regard to the concept of 'proportionality' - food cannot be allowed to become a luxury good!"

Exclusivity inspired by technology and the courage to apply certain innovations and a moderate approach to managing the price race, according to a responsibly respectful environment are the main ingredients, identified by this German brand, to face the future of the discount store. **SR**



Edeka and Netto have partnered with Apeel before, previously launching Apeel's avocados at selected stores at the end of 2019. Oranges and clementines were the next fruits to follow the avocado pilot project. In the future, Apeel's plant-based protective coating will ensure longer-lasting freshness of Edeka World Wildlife Fund oranges and clementines.





than 400 BioBio articles, Netto is one of the largest organic retailers in Germany and enables certified organic enjoyment regardless of the available household budget.





Hippo Zourides, serial entrepreneur and corporate leader, has been involved in the food trade for over four decades and consults to corporates, large, medium and small enterprises on a variety of management and restructuring skills, including the latest ESG requirements.









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