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UNI Commerce

Bulletin

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February Issue

A Great Year Ahead of Us

UNI Commerce Global Union President Alan Spaulding, UFCW introduces this year's first bulletin:

"Dear UNI Commerce Affiliates, 2010 holds great promise for UNI Commerce and its affiliates throughout the world.

We left Dublin with a renewed spirit of solidarity and common purpose, launching new global alliances, signing an important new global framework agreement, and laying out a vision of how we can all contribute to each other's success.



Sector President Alan Spaulding, UFCW.

This is the year we begin to put our pledges into action. Our global steering committee met last November in Nyon to chart the strategies for the coming year, and we will follow up with a steering committee meeting this May. But already important work is underway. In the first half of 2010 we will hold alliance meetings on Tesco, Carrefour, and Metro.

Important coordination is being done between the UNI head of-

office and affiliates on global multinationals like Wal-Mart, Tesco, Carrefour, Metro, Inditex, and H&M, as well as on regional multinationals in Latin America, Africa, and the Asia/Pacific region.

Most encouraging is the active engagement of affiliates in integrating the work of their research and communications staffs with the UNI Commerce staff. Building the capacity of UNI Commerce globally by sharing our regional, local, and national resources will transform UNI Commerce into a real powerhouse. I strongly encourage all affiliates to contact Alke Boessiger and explore ways you can contribute your union's knowledge, expertise, and resources proactively in the UNI Commerce strategic plan. Each affiliate is a resource.

Active coordination and communication between our unions and the UNI Commerce staff will be the true measure of how well UNI Commerce is able to fulfill the UNI vision for the next four years – the Nagasaki theme of *breaking through*.

As the largest sector in UNI Global Union, let us go to Nagasaki with shining examples of how UNI Commerce affiliates and UNI Global Union are making a difference for our members and for unorganised workers throughout the world.

Best wishes for a successful 2010, *Alan Spaulding.*"



European Social Dialogue

The European social dialogue committee for commerce has adopted its new 2010-2011 work programme. UNI Europa commerce and the employer organisation EuroCommerce will focus their joint action on the economic crisis, vocational training, health and safety and working hours (see: http://www.uniglobalunion.org/Apps/portal.nsf/pages/20090205_yeptEn).

In addition, the European social partners want to make sure that European Social Dialogue is not about writing papers that end up in a drawer: a focused "implementation and follow up policy" is being put into place and the support of all European affiliates will be required.

*Fabrice Warneck, PO
UNI Europa Commerce*

Global Retail at a Glance

Released in January, the 13th annual report from Deloitte on the global retail sector confirms that the sector has been very dynamic in its response to the global crisis by increasing innovation and adaptability. The report includes a list of 250 Top Retailers by sales and includes a discussion of the most dominant trends and challenges facing retailers in 2010.



The report covers the financial year 2008 (which encompasses June 2009) and the overall financial conclusion is that due to the global recession profitability dropped from 3.7% to 2.4%

though the sector all together grew by 5.5%.

The top 10 list consists of the same companies as last year with some interesting changes: Metro regained its position as the world's third largest retailer pushing Tesco down to number four.

It is interesting to note that Metro has increased its retail sales from USD 87.586 mil to USD 99.004 mil while Tesco in the same period only increased its value from USD 94.740 mil to USD 96.210 mil.

Carrefour is still second, safe by a margin of about 30%, but trailing behind Walmart by some 250%.

Inditex advanced from number 65 to number 54 despite the fact that fashion retailers as a group experienced a 0.6% loss in the fiscal year 2008.

Another interesting development in the Top 10 is among the hard discounters. The global recession last year started many speculations on how the recession would influence shopping patterns and the results so far seem to indicate that consumers have behaved favourably to the offers made by the hard discounters. Thus, Schwarz group (Lidl) jumped from a 7th to a 5th place, dragging Aldi with it from a 10th to 9th place.

Non-European based Retailers

Japanese super retailer Takashimaya clung on to its position as number 98 while South African Shoprite dropped 3 places to 130 still faring better than Pick'N'Pay which fell from a position as number 129 to 143.

South America appears to have been the most profitable region for all companies as evidenced by Cencosud which jumped from 112 to 80.

One of the trends that the report identifies is a change in consumer behaviour caused by the recession but enhanced by the availability of social networks.

The argument is that the existence of the new social media increases transparency as customers more easily exchange opinions on prod-

ucts and services with friends but also, the social networks provide the customer with a lot more information about products and companies.

This could help create a "Seller's Auction", a situation where the most desperate seller will set the standard (price) in the market, forcing all others to follow suit.

Another trend identified by the report is that companies will allow fewer products on their shelves as a way to increase focus on the products which sell the most and offer the highest margins instead of allowing for 17 different variations to take up space and add unnecessary clutter and costs.

Global Retail Environment

*By Jakob Thiemann, PO
UNI Commerce Global Union*

2009 opened with speculations and forecasts on how severe the global crisis would become and what the consequences would be for the commerce sector. 2010 opened much in the same way, but now that the global recession may be over the debate has changed somewhat. Three issues remain central among analysts and economists: did hard-discounters beat the competition; have the global behemoths been able to respond to the crisis and to what extent did consumers change their behaviour?

Top 10 Retailers	
Rank	Name/country
1	Walmart/ US
2	Carrefour/ France
3	Metro/ Germany
4	Tesco/ UK
5	Schwarz/ Germany
6	Kroger/ USA
7	Home Depot/ USA
8	Costco Wholesale/ USA
9	Aldi/ Germany
10	Target Corp./ USA

Table 1: Top 10 Retailers, Globally. Source: Deloitte: Global Powers of Retailing 2010

These questions are important not only to management but to workers and trade unions as well since the answers to them could potentially have great implications on working conditions.

Trend 1: Year of the Discounters

A quick glance at the Top 10 of the global retailers (Table 1) gives the impression that hard-discounters beat the competition: German ALDI advanced to Nr 9 this year and German Schwarz Group, which includes LIDL, jumped to Nr 5.

Beyond the Top 10 other hard-discounters also performed well thus demonstrating that the global recession had a strong impact on the real economy.

Trend 2: Adaptability

A new trend that has emerged is the trust in private label products. Private label products so far have been thought of as low quality and been viewed with a contempt-like attitude by non-hard-discounters.

But over the last decade the quality of many private label products has increased and with the onset of the global recession increased use of private labels became the preferred business strategy, as demonstrated by Carrefour, which in April 2009 introduced more than 400 new private label products. Private labels carry a higher profit margin than brand products and thus help increase the profit margin.



Together with the new focus on private labels retailers are likely to implement a range of rationalisation measures including reducing the number of brands in the

store, maybe only selling the two best selling brands.

This is attractive as it comes with both financial and shopper benefits because until recently, retailers have aimed at having as much choice as possible in the shops.

Walmart Super Centres have as many as 100.000 different brands, asking a customer who on average spends 21 minutes in the Super Centre to evaluate 75 products per second.

Trend 3: Customer behaviour

The private label/range rationalisation trend plays well together with the last of the three trends identified above – customer behaviour. The global recession forced customers to base their shopping on their income instead of a credit line, forcing customers to think differently about shopping.

Whether this reorientation of shopping behaviour will last depends largely on how soon the economy will recover and the more so in countries which had a pre-recession economy fuelled by debt.

The new behaviour can be enhanced by the increased use of social media as customers tend to share more easily information about stores, products and prices increasing the pressure on retailers.

Conclusions

Though 2009 undoubtedly was a year where retailers had to lower prices and therefore also costs, the discernable trends suggest the world of retail has not gone completely hard-discount. Indeed, customers have become more aware of how they spend their money but when it comes to food retail customers in general have not completely abandoned quality and “the good shopping experience”.

Given the slow recovery of the global economy 2010 appears to become highly competitive with price wars placing customers at the centre of retailers’ attention.



Spotlight on Japan

The Japanese economy is suffering from the consequences of the financial crisis last year. Japan retail store sales have been continuously declining. According to the Japan Department Store Association, for the first time in 24 years sales at department stores nationwide in 2009 dropped to less than 7 trillion JPY.



Article by Atsuko Danjo, Assistant Director, International Affairs, Japan Federation of Service and Distributive Workers Unions (JSD)

Sales at super markets were also down 4.3 % against a year earlier. Against the backdrop of prolonged slumping personnel consumption, restructuring of not only department stores but also convenience stores have been accelerating. For the sake of protecting workers affected by reorganization, Japanese Trade Union Confederation RENGO repeatedly urged the government to strengthen employment countermeasures including social safety-net and skills development programmes.

On October 13, 2009 JSD and UI ZENSEN as industrial federations for workers in the retail industry,

signed an agreement on building an outplacement network between the two organizations.

Under this agreement, regardless of the person's membership, whether in JSD or UI ZENSEN, they will help non-regular employees who lost jobs due to closure of the store find a new place to work beyond union frameworks

The trade union movement in Japan is making maximum efforts to go through this challenging period.

UNI Commerce and UNI Property Services working in solidarity

UNI Commerce's work on establishing social dialogue with the multinationals in order to achieve good working conditions is continuously being developed, and new tools and approaches are deployed and evaluated.

One of these approaches is to work closely with other UNI sectors. Approaching a multinational company in this way has become apparent as the multinationals utilise many different services to support their operations.

Cleaning and security guards are some of the more obvious ones and already there has been close cooperation between UNI Commerce and UNI Property Services as **IKEA** in Poland chose to hire a security firm which didn't respect unions, refused to negotiate a collective agreement and didn't pay into the social fund which provides supplemental healthcare and vacation benefits for children of security workers. **IKEA** Poland, which contracts with Solid Security, has been directly assisting Solid in their effort to intimidate workers and to undermine the union.

Unions from all around the world joined together to protest about the practices in Poland and distributed flyers at **IKEA** stores in Australia, Belgium, Canada,

France, Germany, Ireland, Spain, Sweden, Switzerland, The Netherlands, the United Kingdom and the United States.

UNI Commerce Swedish affiliates Handels and Unionen have taken the issue up with **IKEA**, asking for a quick resolution.

You can read more about the situation at our website or click here:

http://www.uniglobalunion.org/Apps/iportal.nsf/pages/20090122_jjz6En

HK Handel, DK fighting against liberalization of law on Opening Hours

The Danish commerce union together with numerous other organizations is currently fighting to prevent a complete liberalization of opening hours in Denmark as proposed by the government. Already shops may stay open for about 26 Sundays and are allowed to be open from Monday morning at 6 to Saturday at 17. Every week!

Currently the national collective agreement is being negotiated and as a part of its campaign **HK Handel** has developed a fan page on Facebook.

The fan page makes it possible to get information and videos where e.g. the negotiators explain strategy and approaches. The page is in Danish but it might serve as an inspiration for other unions involved in prolonged negotiations.

You can find the Facebook page here:

<http://www.facebook.com/pages/HK-HANDEL-OK-2010/149811466313?ref=nf>

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FOR GLOBAL
ACTION**



Forthcoming Events

1-2.03.2010: UNI TESCO Global Union Alliance Meeting, Liverpool, UK

25.03.2010: CICE Carrefour Meeting, Paris, France

14.04.2010: 1st Seminar on EWC in Commerce, Helsingør, Denmark

23-25.04.2010: SHOPRITE Alliance Meeting, Johannesburg, South Africa

22-23 .04.2010: UNI Europa Commerce Steering Committee, Luxembourg

26-27.04.2010: UNI Africa Commerce Steering Committee, Johannesburg, South Africa

27.04.2010: European SD Working Group, Brussels, Belgium

28 .04.2010: UNI PICK'N'PAY Start-up Meeting, Johannesburg, South Africa

6 -7.05.2010: UNI Commerce Global Steering Committee Meeting, Nyon, Switzerland

18-19.05.2010: EWC CARREFOUR Seminar, Nyon, Switzerland

20-21.05.2010: UNI CARREFOUR Global Union Alliance Meeting, Nyon, Switzerland

09.06.2010: CICE CARREFOUR, Paris, France

14-15.06.2010: UNI METRO Global Union Alliance Launch, Berlin, Germany

29-30.06.2010: Establishing SD in MNCs in Africa & Middle East, Cairo, Egypt

19-23.07.2010: MNCs Seminar & UNI Americas Committee Meeting, Colombia

23-27.08.2010: Asia Regional Commerce Meeting, Vietnam

9-10.09.2010: METRO Euroforum, Barcelona, Spain

15.09.2010: CICE CARREFOUR, Paris, France

22-23.09.2010: UNI Europa Commerce Steering Committee, Brussels, Belgium

24.09.2010: European SD Working Group, Brussels, Belgium

19-21.10.2010: CICE CARREFOUR Plenary

9-12.11.2010: 3rd UNI Global Union World Congress, Nagasaki, Japan

29.11.2010: European SD Plenary, Brussels, Belgium

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