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# AH adds mobiles to its shopping list

## Supermarket chain moves further into customer services with new deal

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AMSTERDAM — Albert Heijn, Holland's largest supermarket chain, will next week start offering its own-brand phone services and join the myriad of other companies all competing for bargain-hungry mobile users.

And to lure them in, in a deal with KPN Mobile, Albert Heijn will be offering pre-paid AH Mobiel telephone cards for 10% less than the going rate.

The mobile venture is all part of the chain's effort to expand its services and to generate higher non-food earnings and sales. Market sources expect non-food sales to double to about 14% of turnover and a full 25% of profit. These services range from dry cleaning to 'green energy' electricity contracts.

'In principle, a strong brand such as Albert Heijn can sell practically anything,' said Dave Jansen of retail consultancy Channel Panel. Albert Heijn is becoming a sort of broker of services. Customers trust the brand and are therefore prepared to pay extra. It's all part of the one-stop shopping concept, originally

developed in the US,' he said.

About seven million of the estimated 11 million mobile phone users in the Netherlands use pre-paid cards. And Albert Heijn claims it already sells 15% of these.

KPN, the former telecom monopolist, has a 42% stake in the entire mobile phone market, which covers 70% of the population.

The market is not expected to expand very much more. 'It was a rat race, but the pie is fairly well carved up now,' said Jan Zweegman, wholesale director of KPN Mobile.

'However, we see the churn rate — customers whom move over to another provider — growing as people grow weary of their current service. Customers do move around,' he said.

One way of creating growth, Zweegman said, is to welcome newcomers, such as Albert Heijn, to the market.

'Say that a newcomer succeeds in getting 10% of the market. And that all current providers lose proportionate market share. That would cost us 4% of our market share. It is wiser for us to work with instead of against that company,' Zweegman explained.

Thus, by working with Albert Heijn, KPN Mobile's wholesale market share seems certain to increase. KPN said motoring organisation ANWB is also considering moving into the market with its own brand mobile telephone services.

KPN Mobile will work with these new services as long as they do not cannibalise its own products. Zweegman claims the youth music broadcaster TMF — which makes text messaging a part of its programming — has too much overlap with KPN's own 'Hi' brand.

For its part, Albert Heijn defends its moves into non-food services as 'making a pre-selection for our customers'.

In addition to tobacco and light alcoholic drinks, the supermarket chain now sells newspapers, flowers, postage stamps and public transport tickets.

Six months ago, it began selling tickets to amusement parks such as Efteling and other attractions. And the chain's website now offers Albert Heijn travel services in a deal with tour operator TUI. Financial services are rumoured to be next on the own-brand list.

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