



# **E-commerce as an Adaptive Strategy: The Sonae Case**

*José Chousal*

Dissertation written under the supervision of professor Ricardo Ferreira  
Reis

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## **Abstract**

**Title:** E-commerce as an Adaptive Strategy: The Sonae Case

**Author:** José Rui Rodrigues Castro Chousal

**Keywords:** Dynamic Capabilities; Resource-based Value; Competitive Advantage; Strategic Management; Crisis; Decision-making.

This thesis, in the form of a case study, aims to explore the e-commerce strategies used by Sonae, a leading, and potentially the largest retail player in Portugal, as a response to the Covid-19 crisis. The article is a possible tool to enhance knowledge on topics related to adaptive strategies and competitive advantage in challenging times.

Firstly, the thesis establishes a theoretical foundation to provide a better understanding of key concepts in when adapting a strategy to a new situation and to the challenges that may appear. Also, there is a contextual overview of e-commerce, the way it has changed with Covid-19 and the latest trends within the Portuguese market.

The core of the thesis is Sonae's case study. It begins with an introduction of the company and the segments in which they operate. Then the focus shifts to Sonae's strategic adjustments to the sudden changes, caused by the pandemic, and the decisions made as a response to the rapid change environment, as there were several influencing factors to be considered in each business unit.

Combining the theoretical background provided with the analysis of Sonae's strategic decisions, it's possible to address the case from a pedagogical point a view, enabling the exploration of various topics throughout questions. Additionally, it also contains an analytical resolution note made according to the author's interpretation and analysis.

## **Resumo**

**Título:** E-commerce as an Adaptive Strategy: The Sonae Case

**Autor:** José Rui Rodrigues Castro Chousal

**Palavras-chave:** Capacidades Dinâmicas; Valor com base em Recursos; Vantagem Competitiva; Gestão Estratégica; Crise; Tomada de Decisão.

Esta dissertação, na forma de um caso de estudo, tem o objetivo de explorar as estratégias de comércio eletrónico usadas pela Sonae, uma empresa líder e potencialmente a maior empresa de retalho em Portugal, como resposta à crise gerada pela pandemia Covid-19. O artigo é uma possível ferramenta para aumentar o conhecimento em tópicos relativos a estratégias adaptativas e vantagem competitiva em tempos desafiantes.

Primeiramente, a tese estabelece uma base teórica para um melhor entendimento de conceitos chave em situações de adaptar uma estratégia para uma nova situação ou desafios que possam surgir. Para além disso, há uma contextualização geral do conceito de comércio eletrónico, como é que mudou com a Covid-19 e as suas últimas tendências no mercado português.

O centro da dissertação é o caso de estudo da Sonae. Começa com uma introdução da empresa e dos segmentos em que opera. Depois, o foco muda para os ajustamentos estratégicos da Sonae às mudanças súbitas suscitadas pela Covid-19 e decisões tomadas em resposta, dado que houve diversos fatores influenciadores em cada negócio da Sonae.

Combinando a base teórica com análise das decisões estratégicas da Sonae, é possível ver o caso de um ponto de vista pedagógico, permitindo a exploração de diversos tópicos através de um questionário. Adicionalmente, contém uma nota de resolução do caso feita de acordo com a interpretação e análise do autor.

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## **1. Introduction**

This thesis explores a stronger bet on e-commerce as an adaptive strategy in response to the transformative changes brought by the pandemic, with a special focus on how a company by leveraging their own bundle of resources and capabilities could adapt to these unprecedented challenges. E-commerce has revolutionized the retail industry all around the globe and this digital transformation was accelerated due to the shifts in consumer behaviour and needs that appeared with the pandemic.

Sonae with the companies MC, Worten and MO is the perfect example to illustrate this topic as it exemplifies successful implementations of e-commerce strategies in response to Covid-19. As one of the leading companies in the Portuguese retail market, Sonae's group adaptation provides valuable information on how e-commerce solutions can mitigate the impact of a disruption of this dimension.

Furthermore, this study goes beyond the contribution to academic knowledge as it also can be used as a practical case study in a strategy-focused course. Besides giving insights on how e-commerce can serve as a resilient and adaptive strategy to Covid-19 in times of global crises - it gives a practical application of a digital transformation in the retail sector. As a case study, it shows a real-world example that provides the readers an understanding of strategic decision-making in times of crisis, notions of crisis management and digital ability in uncertain times. Thus, it makes the connection between theoretical background and practical application.

## 2. Theoretical Background

### 2.1 Literature Review

#### 2.1.1 Resource-Based View (RBV) and the Valuable, Rare, Inimitable and Non-substitutable (VRIN) criteria

The RBV concept was, firstly, introduced by (*Barney, 1986, 1991*) and explained under which conditions a company could gain sustainable competitive advantage using their own bundle of resources and capabilities. Resources “*stocks of available factors that are owned or controlled by the firm*” and capabilities “*firm’s capacity to deploy resources, usually in combination, using organizational processes, to effect a desired end*” were defined by (*Amit & Schoemaker, 1993*). Both vary from company to company and a competitive advantage is only sustainable over time if the set of resources and capabilities, besides being valuable and rare (requirements to gain competitive advantage) are inimitable/costly to imitate and non-substitutable (*Barney, 1991*). A resource is valuable if it provides strategic benefits to a firm, enhancing the firm's value. To be rare, means hard to find among competitors, making it unique and a source of competitive advantage. Inimitability or costly to imitate refers to the inability or the difficulty in replicating the resource due to various obstacles, such as acquisition challenges or complex relationships. The non-substitutability is related to if it cannot be easily replaced by an alternative, ensuring that competitors cannot match performance by using different resources. (*Dr. Pankaj M. Madhani, 2010*).

We’re able to see that the RBV is a sufficient concept for static environments but is inadequate for the dynamic ones (*e.g., Priem & Butler, 2001*) and represents the starting point for the dynamic capabilities concept, which is a more appropriate one for rapid changing environments like the one we live in.

#### 2.1.2 Dynamic Capabilities

The concept of dynamic capabilities (DC) was initially introduced by *Teece et al.’s (1997)* as an extension to the resource-based view (RBV) and contributed to an increasing stream of academic research on the topic. *Teece (1997)* presented this concept as the “*the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments*”. Afterwards, began to appear new conceptualizations, proposed by different researchers, that differ on nature (*abilities, capacities, processes and routines*), specific role (*concerning changes in the nature and later on decision-making abilities and*

*ability to sense opportunities and threats*), context (*highly dynamic, moderately dynamic and more stable environments*), heterogeneity (*idiosyncratic or existence of commonalities*) and purpose.

Teece himself, in 2007, introduced a new definition for the DC concept composed in three different parts: 1) Sense and shape opportunities and threats; 2) Seize opportunities; 3) Reconfigure to meet changing customer needs. These elements together could explain enterprise-level competitive advantage over time.

With those old and new conceptualizations by different authors (*Barreto, 2010*) defined DC as “(...) *The firm’s potential to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and market-oriented decisions, and to change its resource base.* “. This final definition has different dimensions, which are aligned with Teece’s interpretations for the DC concept, both in 1997 and 2007.

### **2.1.3 Core Capabilities & Core Rigidities**

According to *D. Leonard-Barton (1992)*, when the market changes end up in new processes within the company there is conflict between the capabilities that give competitive advantage (Core Capabilities) and the ones that inhibit innovation (Core Rigidities).

The first concept represents the base of the company’s strategy being the source of competitive advantage (*Teece, Pisano, and Shuen, 1990*) that differentiates the company from the competition. Core Capabilities consist mainly in knowledge, skills, technical systems, managerial systems and values, which are the guidance for the company’s decisions.

On the other hand, core rigidities are the negative effect of the core capabilities that exacerbates the company’s innovation and constrains the adaptation to changing environments. They appear when a company depends too much on their current capabilities and doesn’t understand that there is a need for new ones or it’s a sign that the current ones are obsolete.

### **2.1.4 Why are these topics so relevant for this case study?**

In the context of this article, the concepts mentioned above are the main ones to explain on how e-commerce can serve as an adaptive strategy during a crisis like Covid-19.

During exceptional times, companies with unique online platforms can offer a personalized shopping experience not found elsewhere in the market and with the necessary digital know-how are better prepared to adapt to the sudden demand on online shopping.

In the times of Covid-19, the volatility of companies' key capabilities played a crucial role for companies to increase their presence on online commerce, allowing them to adjust to the changes in consumer behaviour, supply chain and digital technologies.

At the same time, the pandemic brought to light certain rigidities within companies, which led to challenges that needed to be overcome to succeed in adapting to market changes.

## **2.2 E-commerce**

E-commerce or Electronic Commerce consists in the action of buying and selling goods online.

It has been growing a lot in the last decades, mainly since 1995 with the appearance of the most influential marketplaces worldwide: Amazon and eBay. E-commerce has revolutionized the retail market around the globe and the tendency is to reshape even more the shopping experience with the digitalization of the world.

## **2.3 Covid-19 in Portugal**

In Portugal, the onset of the pandemic was marked in March 2020, leading the government to implement lockdown measures. These measures restricted operations to essential service providers, primarily those selling first-order goods. As the year progressed, some of the restrictions were lifted. However, early in 2021, Portugal faced another round of lockdowns, as a result to the rising number of Covid-19 cases, mirroring the initial restrictions of 2020 in their severity and scope. It wasn't until April 2021 that these restrictions started to gradually lift but it was only in 2022 that Portugal reached the pre-pandemic levels.

## 2.4 E-commerce with Covid-19

The emergence of the pandemic accelerated several industry trends as people quickly adapted their behaviours according to health and safety requirements. Globally recognized institutions such as the *World Bank Group* recommended leveraging e-commerce, considering the need to increase distance between people to reduce the risk of infection while maintaining businesses open and preserving people's jobs. In fact, Covid-19 served as an inflection point as it intensified some consumer trends while putting a pause on others.

As per *McKinsey & Company's 'The consumer demand recovery and lasting effects of Covid-19'* (2021) and *'How modernized IT systems can help businesses thrive in a post-pandemic world'* by *Deloitte* (2020): a crisis, such as this pandemic, tend to reveal vulnerabilities in both the planning of strategies and the execution of them. It creates big changes on consumer buying patterns requiring changes in the business models, reshapes the company's competitive landscape by affecting product and service offering and demands modern core applications capable of integrating new technologies as a response to the rapidly changing environment.

A great part of the consumers were already e-commerce users but embraced even more in online shopping, especially in essential areas such as grocery shopping and healthcare. According to Statista in 2023, e-commerce sales in the retail sector have increased from 13.8% to 19.5% between 2019 and 2023. This growth included a 4% raise between 2019 and 2020 alone, highlighting the impact of the pandemic had on accelerating e-commerce trends.

(Figure 1)

*PwC's global customer insights survey (2021)* reveals that in that year almost one in five respondents engaged in online shopping on a daily basis and the tendency is to increase this number.

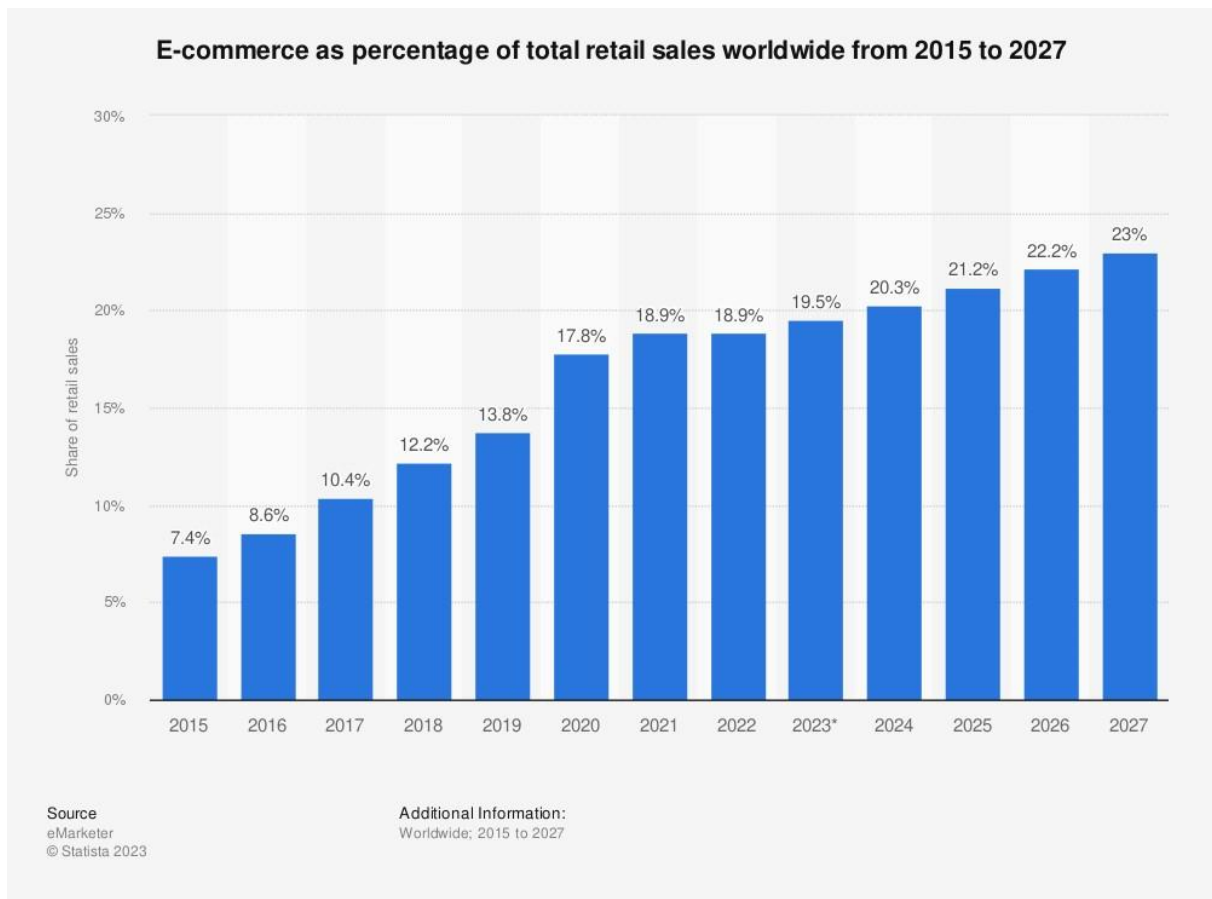


Figure 1 - E-commerce as percentage of total retail sales worldwide from 2015 to 2027

### 3. Market Overview

#### 3.1 Impact of Covid-19 on Retail in Portugal

The Covid-19 pandemic with the lockdown, first in March 2020 and then in January 2021, had a massive impact on retail businesses in Portugal, since the Portuguese government closed most retail facilities (food retail market and a few other stores remained opened) and the traditional operations suffered a disruption.

Companies to maintain their business and minimize the losses had to completely adapt their business strategies and reinvent, in an innovative way, the business models. We're able to see that Covid-19 and the pandemic acted like an accelerator in the digital transformation and anticipated something that inevitably was going to happen with time.

### 3.2 E-commerce trends in Portugal

Even before the pandemic, e-commerce in Portugal was growing at a gradual but steady way, with the number of users increasing 2 to 4% a year. When the pandemic emerged this process accelerated, with the number of e-commerce users increasing around 6 GPP (Global percentage points) between 2019 and 2020 (Figure 2), as most stores were closed, and people were confined in their houses. The number of users of e-commerce increased almost 500k between 2019 and 2021 (Figure 3), which was the date of the last confinement and, as previously mentioned, as the years go by it is expected to rise even more.

#### Percentage of e-commerce users in Portugal from 2010 to 2020, by time period

Share of e-commerce users in Portugal 2010-2020, by period



Figure 2 - Percentage of e-commerce users in Portugal from 2010 to 2020, by time period

#### Number of users of e-commerce in Portugal from 2018 to 2027 (in millions)

Number of users of e-commerce in Portugal 2018-2027

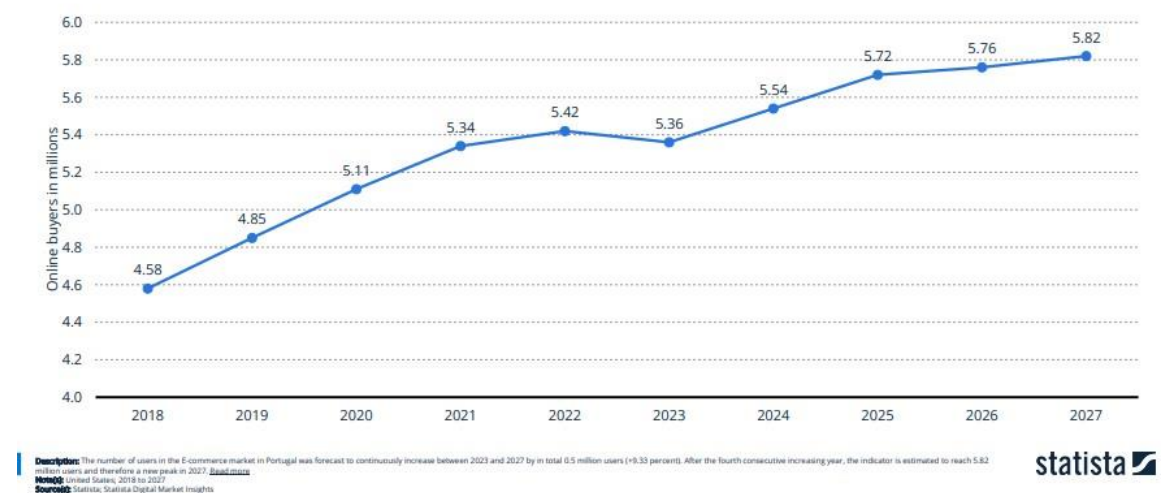


Figure 3 - Number of users of e-commerce in Portugal from 2018 to 2027 (in millions)

The shift into e-commerce happened, not only with traditional retail products but also in the food retail industry and other essentials, which had a low online penetration in Portugal and that even stayed opened in the confinement. Companies that were already established in the online marketplace enhanced their presence by improving both in quality and quantity and others appeared to keep up with the new market trends. One thing is certain: it wasn't only a temporary change, this represents a digital transformation that is here to stay, as we can see that the penetration rate for e-commerce in Portugal is expected to continue to increase over time (Figure 4) as well as the expected revenue (Figure 5).

Note that the values for the upcoming years are only projections.

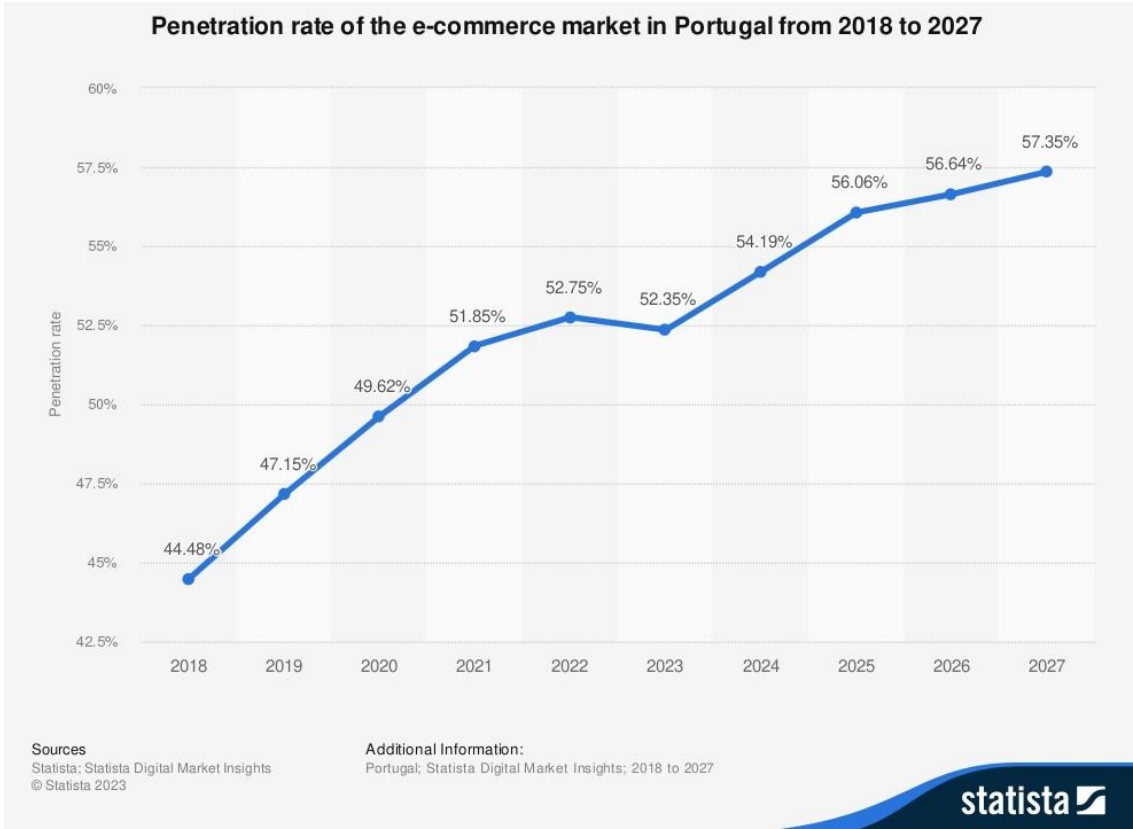


Figure 4 - Penetration rate of the e-commerce market in Portugal from 2018 to 2027

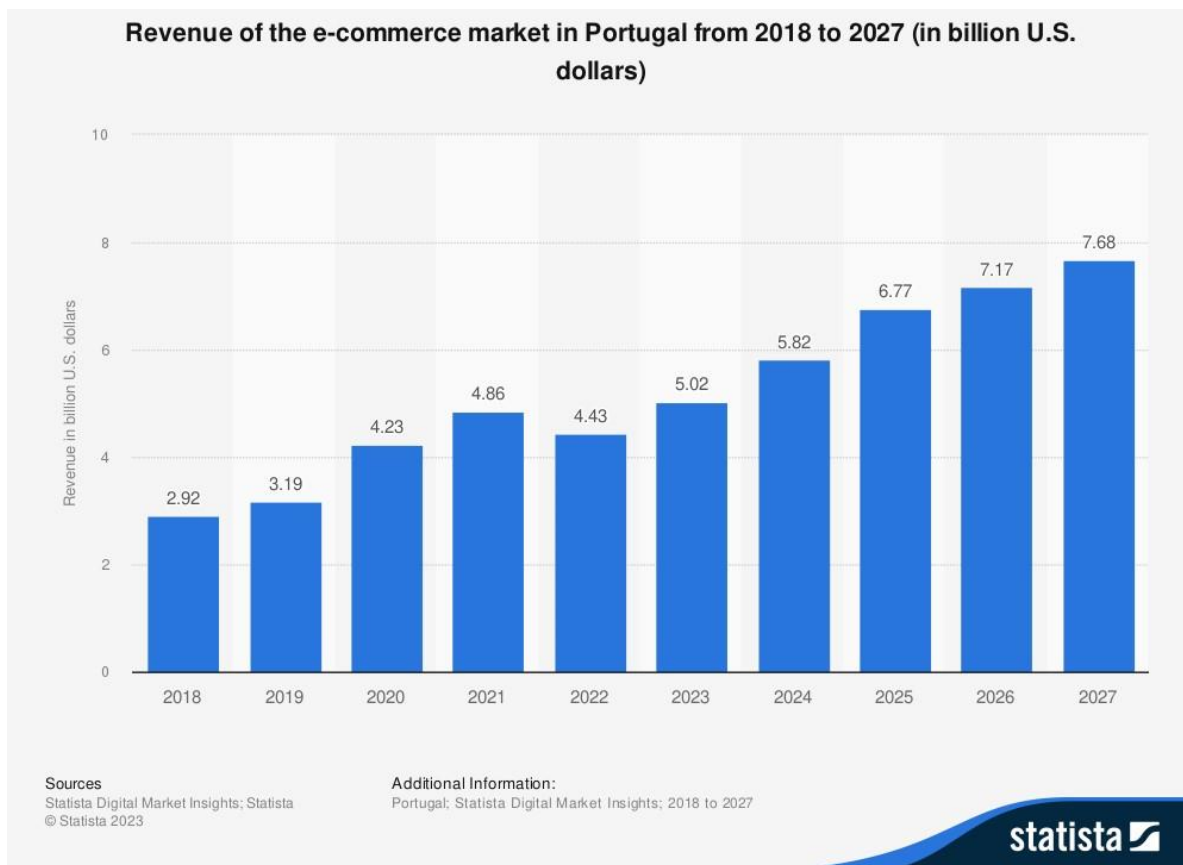


Figure 5 - Revenue of the e-commerce market in Portugal from 2018 to 2027 (in billion U.S. dollars)

## 4. Company Overview

### 4.1 Sonae

Sonae is a multinational company, based in Portugal with a diverse portfolio. They operate in various segments with different firms: Sonae MC (Food retail, Health and Wellness), Worten (Electronics), Zeitreel (Fashion), Sonae Sierra (Real Estate), Financial Services (Universo), Investment Management (Bright Pixel and Sparkfood) and NOS (Telecommunications). In this article, we're going to focus only on the companies relevant to this study (MC, Worten, Zeitreel).

Sonae MC is not only the largest food retailer in Portugal, but also has a big presence in a variety of market segments. MC stands out for the big range of supermarkets (Continente Modelo and Continente Bom Dia) and hypermarkets (Continente), where they offer a great variety of both international and local brands plus their own private label products.

Additionally, they have Wells that holds the title of being the biggest player in retail market in Portugal, in terms of health and wellness, with more than 280 stores. Furthermore, they engage in multiple distinct market area such as pet care and products segment (Zu), stationery (Note!), coffee shop and casual dining (Bagga and Go Natural) along with several others (Arenal, Continente Auto, Dr.Wells, Elergone, Meu Super, Seguros Continente and Skin Health).

Worten also stands as the market leader, but in this case, for retailer in electronic goods. With over 200 stores across Portugal and Spain, Worten provides a vast array of products in the electronic section plus assistance and maintenance of those same items.

Zeitreel is Sonae’s fashion retail part, where they work with the brands MO, Zippy, Losan and Salsa. The mission is to offer a wide selection of fashionable clothing and accessories aligned with the last fashion trends at an affordable price.

Complementing all of these firms involved in e-commerce, Sonae has Universo: a payment solution offered that facilitates both online and in-person shopping. The main objective is to improve customer experience and convenience to the customers throughout Sonae’s multiple retail platforms. Since the pandemic began, Universo more than doubled their share of digital users.

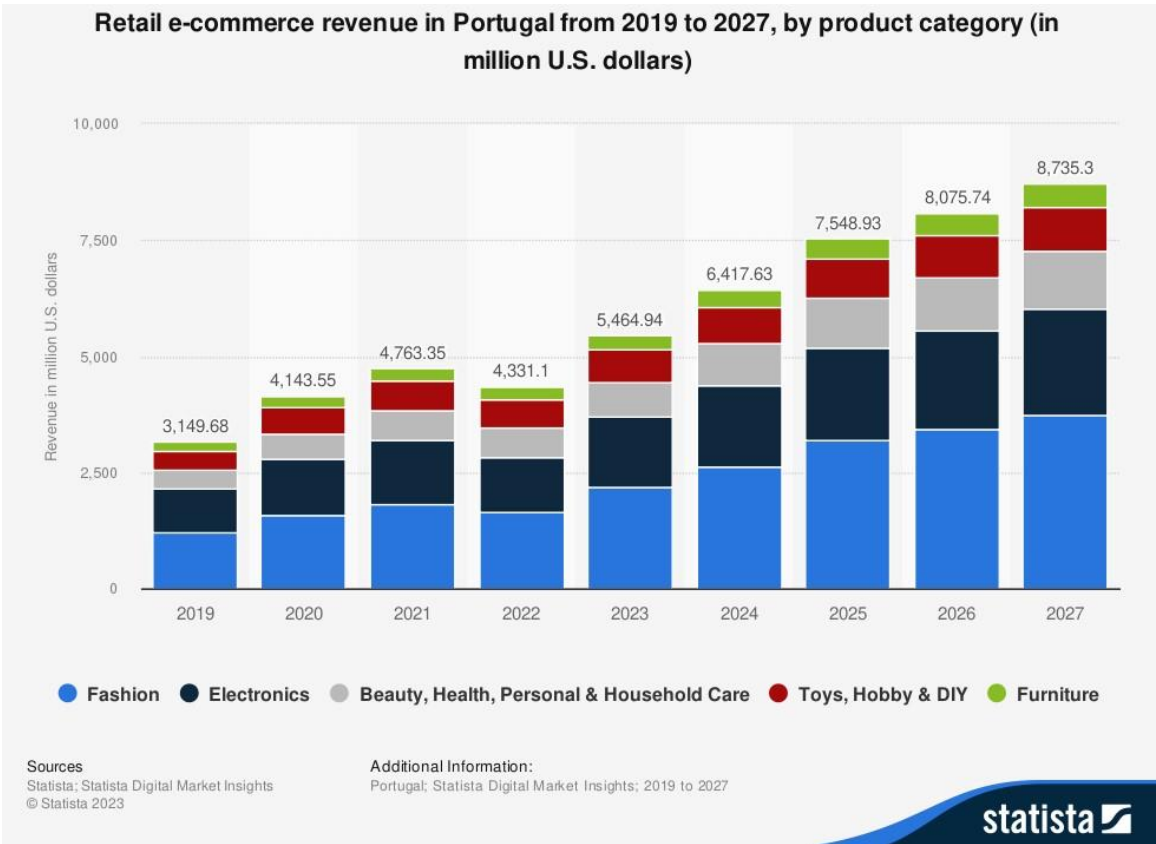


Figure 6 - Retail e-commerce revenue from 2019 to 2027, by product category (in million U.S. dollars)

This figure offers a more detailed overview of the categories that yield the highest income in Portugal's e-commerce sector and predictions for the next years. We're able to see that Sonae's diverse portfolio encompasses all these top-performing categories and products with MC, Worten and Zeitreel. (Figure 6)

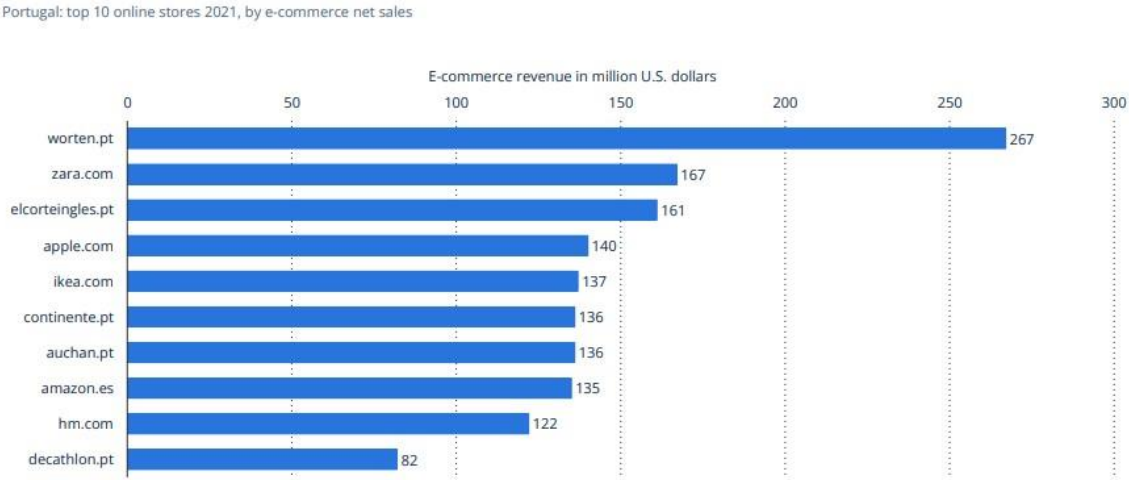
### 4.2 E-commerce on Sonae

Prior to the pandemic, Sonae was already enhancing its digital capabilities and expanding more its electronic business to keep up with the emerging digital trends. As previously mentioned, the appearance of Covid-19 accelerated this trend, highlighting Sonae's foresight in digital adaptation and quick response to the shifts in the business landscape.

Sonae remains one of the major players in the Portuguese retail market, where e-commerce is a key part of their business strategy. They are being proactive in integrating online commerce into different business segments, currently Sonae employs e-commerce solutions at Sonae MC, Worten and Zeitreel (Sonae Fashion) and other businesses not so relevant for this study.

The results are quite visible to everyone when observing that Sonae, throughout Worten and Sonae MC (Continente), were ranked as 1<sup>st</sup> and 6<sup>th</sup> in terms of e-commerce net sales among stores in Portugal, in 2021. (Figure 7)

Top online stores in Portugal in 2021, by e-commerce net sales (in million U.S. dollars)



Description: This statistic presents a ranking of the top online stores in Portugal in 2021, sorted by annual e-commerce net sales. Based on: Statista, 2021. Source: e-commerceDB.com



Figure 7 - Top online stores in Portugal in 2021, by e-commerce net sales (in million U.S. dollars)

## **4.3 What changed in the numbers with Covid-19?**

### **4.3.1 Year 2020**

In 2020, the year the pandemic emerged, Sonae's total online sales reached 480M euros, a new top at the time. It represented a growth rate equivalent to three years of natural expansion, with brands such as Continente and Worten enhancing their online market shares, surpassing their already leadership positions.

Sonae MC experienced an 80% increase in online sales comparing to 2019, reflecting the boom Covid-19 on shopping trends. Cartão Continente application expanded to over 1.3M users illustrating the growing digital engagement.

Worten, throughout its omnichannel strategy (in-store + online), has been offering a diverse range of products in its marketplace. This strategic decision led to online sales account for approximately 14.3% of total sales, a big increase to the 6.6% level in the pre-pandemic.

Zeitreel, previously known as Sonae Fashion, achieved total sales of 344M euros, with 14.5% of the revenue generated by e-commerce, more than double than the 7.1% reached in 2019.

### **4.3.2 Year 2021**

In 2021, the Portuguese government continued to put Covid-19 restrictions. There was an increase in the e-commerce channel driven by the higher consumer awareness for online shopping alongside with the ongoing confinement measures that kept the population mainly at their houses. In this period, Sonae achieved a total of 640M euros in online sales across all its businesses.

MC witnessed a 30% growth in online sales comparing to 2020. Over the last two years, it increased 2.3x times, now accounting for around 3% of the total business volume. Cartão Continente app continued to expand, reaching 1.7M users.

Worten's online segment delivered a tremendous performance reaching more than 200 million euros in sales. This represents a nearly three times increase over the past two years, with the online representing 17.5% of total sales.

Zeitreel experienced a slight decrease with its online total sales being 12.7% of total sales value.

### **4.3.3 Year 2022**

In Portugal, 2022 marked the year where the Covid-19 restrictions were lifted, and people could return to their regular shopping habits.

At MC, the upward trend in online sales continued with an increase of 3.4% - not as pronounced as in the peak of the pandemic but still representing more than double that of 2019 – a year more like 2022 in shopping patterns. This is a signal of MC's successful navigation of the online market during the pandemic. It still accounts for around 3% of the total sales volume.

Worten's online segment also maintained the good results with the complete re-opening of physical stores resulting in online sales being almost 20% of total sales volume.

Zeitreel experienced a reduction, with its online omnichannel sales dropping from 19.1% to 12.8%. However, it still represents a higher value than the pre-pandemic level.

## **5. Sonae's strategy to deal with Covid-19**

### **5.1 Sonae MC – Continente Case**

Before the pandemic, Sonae MC was already the market leader in the food retail segment on e-commerce. Their online venture was expanding at a low but steady pace, around the lower double-digits percentage range.

The appearance of Covid-19 led to reluctance of customers to do regular shopping, leading to a massive influx of orders in the Continente Online platform causing a shortage in the availability of some products and an increase in the expected delivery time. To address these issues, Sonae had to upscale their operations to meet this urge by:

1. Assigning a greater number of staff to order picking (gathering products and preparing the order), in physical stores, to deal with the increased quantity of online orders.
2. Increase capacity of Continente's website.
3. Partner up with delivery providers, such as UberEats and Glovo, to ensure efficient distribution of orders.
4. The launch of Quico, an instant delivery service, to provide greater convenience for their clients and reduce dependency on their partnerships.

At the core of their strategy was the effective use of their facilities and staff. Sonae MC had a unique array of stores in premium locations, providing the necessary space for storing increased inventory to meet the rising online demand. They also adeptly reallocated resources, shifting focus and personnel from areas like Bagga coffee shops and Note! to their Continente operations, prioritizing the most critical areas of their business.

Simultaneously, MC capitalized on its existing e-commerce infrastructure. By integrating additional servers, they efficiently managed the surge in website traffic and ensured quicker customer service responses. Expanding their cloud storage was another key move, allowing the storage of client data and preferences, which was vital for personalizing the online shopping experience.

Cartão Continente (CC) was a key component in MC's operation. This digital card improves customer experience by offering tailored discounts and promotions, fostering customer loyalty. Additionally, it gives MC insights about shopping patterns, enabling more-informed business strategies and decision-making. MC stands as the unique entity in the market offering a loyalty card program of this dimension. Regarding partnerships, only Glovo incorporates the CC feature, and that's why the launch of Quico was essential in retaining information about clients' behaviours and preferences.

The network and global connections of Sonae MC were crucial, mainly their partnership with Walmart in China. This alliance offered Sonae MC critical insights and strategies for pandemic adaptation. Walmart's reputation as one of the world's largest retail chains and its location in the initial epicenter of the pandemic provided Sonae MC with unique and valuable perspectives for navigating the crisis, as they were among the first ones who needed to adapt to the situation.

The strength of the Sonae brand facilitated partnerships with other entities (Glovo and UberEats), smoothing the process for product delivery.

Their agility in adapting to market changes was crucial. Sonae worked extensively on their network diagram and operational structure, enabling effective operation using not only their infrastructure but also exploiting external resources and market capabilities. This adaptability allowed the scaling of their operations to meet the heightened online demand.

During the pandemic, Sonae MC's preparation surpassed that of its main competitors. At that time, only one rival had an established e-commerce platform, which placed Continente in an advantageous position. They built upon their existing e-commerce foundation but also innovatively expanded, doubling their delivery capacity on Continente Online in a timeframe

much shorter than anticipated, leading to what was projected to take three years was accomplished in less than one.

This strategic response not only addressed the immediate challenges of the pandemic but also positioned Sonae MC favourably for the future. In the post-pandemic era, the proportion of total sales from their online segment has remained steady in comparison to the period of the pandemic, despite the full reopening of stores with no restrictions. This enduring trend indicates a lasting change in consumer behaviour and attests to the high quality of Sonae's online operations.

They anticipated an increase in online shopping, leveraging their leadership position in both traditional and digital retail markets. By enhancing their online offerings, Sonae MC was able to retain a significant portion of the digital customer base even after the pandemic. Recognizing the value customers placed on the convenience and efficiency of online shopping, they adopted an omni-channel approach, integrating both online and in-store experiences. By analysing consumer behaviours, such as patterns in repeat purchases and feedback, Sonae MC identified high-demand products. This analysis led to strategic inventory adjustments, ensuring they could meet the heightened demand for certain products.

Moreover, as the leading player in the online market, Sonae MC seized the opportunity to attract new clients. They improved their online platform and implemented personalized marketing campaigns. This strategy was instrumental in converting many individuals who were not previous Continente customers into regular shoppers, both in-store and online, following the end of the pandemic.

Nevertheless, Sonae MC encountered certain rigidities in their e-commerce operations, which they had to address innovatively. To mitigate this, Sonae MC had to adjust their practices, tailoring them to the resources and conditions available at the time.

With the pandemic accelerating the shift towards digital solutions, Sonae MC adapted by moving these functions online. This transition was not just a response to the immediate crisis but also an alignment with the broader trend of increasing digitalization. The growing preference for digital payments was another area where Sonae adjusted their operations to meet the new consumer expectations.

During this period, Sonae MC also faced significant challenges with stock shortages, as suppliers struggled to keep up with the sudden spike in demand. In response, Sonae MC began substituting unavailable products with similar alternatives on the online orders, ensuring continuity in quality and price. This approach not only addressed the immediate supply issue

but also demonstrated Sonae's agility in maintaining customer satisfaction under challenging circumstances.

Furthermore, the pandemic led to a substantial increase in customer support inquiries, particularly from new clients who were unfamiliar with the online shopping process. To handle this surge, Sonae MC expanded and shifted their call centre operations to an online format. This move not only allowed them to manage the increased volume of inquiries effectively but also catered to the changing preferences of customers who were increasingly seeking online support.

## **5.2 Worten**

Prior to the pandemic, Worten had already a notable digital presence selling electronic goods, with the website being the most visited in Portugal in the electronic retail channel. At that time, it only represented 6.6% of Worten's total sales. The online orders process was efficient, enabling orders to be delivered in the next business day.

As the Covid-19 pandemic emerged, Worten faced new challenges and opportunities in its e-commerce operations. Despite their physical stores remained open, with some restrictions, to provide essential goods like home appliances and computers – crucial to accommodate the remote work trend - there was an increase in online demand. Consequently, Worten had to adapt as the pandemic marked a turning point for them and they wanted to maintain the upper hand.

Concerning the online channel, Worten's main competition was Amazon and AliExpress. After a deep analysis, Worten reached the conclusion that the best way to gain even more advantage against his competitors was to leverage the proximity and convenience customers had both during and after the shopping experience with Worten. By using stores as additional warehouses, Worten accelerated even more the delivery process. Now, when an order is made on the website, it only takes 15 minutes to be ready to the customer to pick it up in the store and home deliveries can be completed within two hours. Throughout WortenResolve, the company can offer personalized assistance when handling repairs.

Worten took advantage of their existing marketplace within the website, which allowed to offer products and brands that weren't available in physical stores due to a small demand, in the digital channel by other vendors. By analysing their website traffic and brand recognition, Worten decided to enhance even more the marketplace by acquiring Zaask (Service Provider) and Dott (Digital Marketplace). With the acquisition of Zaask, Worten's marketplace expanded to include service offering in the most various businesses, while with Dott, Worten gained

access to an extensive network of 2000 vendors, along with a diverse range of products and valuable expertise. As of today, Worten is integrating the marketplace experience more closely to its own brand experience. Customers have the convenience to pick up marketplace orders at any Worten store and can also return marketplace products in those stores. The strategy is to unify those two-difference experiences to upgrade customer shopping.

Also, Worten noted that their website, that had been in operation for seven years at the time, seemed outdated in terms of design. Seizing the opportunity for improvement, they updated the user experience (UX) and its Look and Feel functionalities, incorporating new features to get an improved shopping experience for the client.

Regarding in-store strategies, the employees were reassigned to assist with the processing and dispatching of online orders from stores, a strategic move that was made to prevent layoffs but proved to be highly effective. As a result, physical stores now handle between 40% to 50% of online orders. This shift increased even more the convenience to the customer by offering them the possibility to pick up their orders at the store when they want. It provided Worten even more competitive edge that wasn't matched by their competitors.

### **5.3 Zeitreel (Sonae Fashion) – MO case**

In the pre-Covid-19 era, e-commerce only represented a relatively modest part of MO's total sales, but it with the appearance of Covid-19, and the two lockdowns imposed by the Portuguese government in 2020 and 2021, there was a boom in e-commerce sales at MO.

MO uses the Category Management business model. This model is underpinned by the successful experience of selling their own collections at Continente for 25 years. Based on that knowledge, MO has effectively extrapolated this expertise to international supermarket chains (Eroski, Bonpreu,...), where they capitalize the textile sections by introducing and selling their clothing collections in stores of first-order needs. During the pandemic, it represented a big advantage for MO as those stores remained open during lockdowns. MO also adapted its in-person sales to the constraints imposed on physical retail. They were among the first in Portugal's clothing sector to implement the 'sell to the post' alternative, taking the advantage of the fact that MO stores were in small commercial galleries, shared with other Sonae stores, in spaces owned by Sonae Sierra.

Regarding e-commerce, MO's strategic response to the rapidly evolving retail landscape, had a special focus on consumer behaviour and feedback. The company monitored

and analysed customer preferences to see what products had a growing demand. Afterwards, MO collected store stock to put in the warehouse to keep up with the online order of those items and made sure they were prominently displayed on the customers' page for immediate visibility.

By analysing customer data, MO saw a market gap for differentiated Covid-19 masks. They saw an opportunity to expand their product range and partnered with Adalberto, a fellow textile company, to produce these new masks. And with all the retail limitations due to the pandemic, it was the online segment that capitalized most part of the sales.

The collaboration was a critical move, combining MO's and Adalberto's manufacturing capabilities, thereby addressing a pressing public need while also diversifying their product offerings. MO had to create a parallel operation to the one they had to keep up with their orders in record time, mainly in the mask situation. To manage the logistics of the masks efficiently, MO partnered up with delivery companies so that those companies would be responsible for the picking, preparing, and delivering the order.

A key element in all this was their Commerce Cloud platform provided by Salesforce. Recognized as one of the best e-commerce platforms, it enabled MO to manage the increased traffic and gather clients' information on the website without any repercussion.

Another distinction MO has within its e-commerce platform is Cartao Continente, as it represents a crucial innovation in MO's online service by offering customers the opportunity to utilize digital money and access discount coupons. By incorporating this feature into MO's website, the company has also filled the gap between loyalty benefits and online shopping. The Cartao Continente program allows the conversion of discounts earned at one Sonae store, like Continente or Wells, into digital currency that can be utilized at another Sonae store, such as MO.

Furthermore, MO embraced alternative sales channels, reaching out to customers through phone calls and WhatsApp messages and they also activated an online chat feature, linked directly to store operators, to improve their customer service approach. It allowed customers to have the personalized experience they would have in store while being in the comfort of their homes.

The pandemic, while presenting some opportunities for MO, also highlighted certain inadequacies in MO's operations. It exposed the need to develop the concept 'Ship from Store', that would allow the company to see which and where every piece of cloth is available. MO's system could only search for stock availability in the warehouse and not in stores. This limitation became harmful, mainly in the pandemic, when physical stores were closed with

available items and e-commerce had a surge in demand, with a various items sold out on the website. By adopting this measure, these issues are mitigated by reducing inventory waste and customer would be more satisfied.

In addition, the pandemic validated MO's business hypothesis, regarding the expansion of their operations into the Business-to-Business sector (B2B), instead of only Business to Consumer (B2C). It allowed to have orders, on items such as the masks, which were in high demand, in mass quantities to city halls, hospitals, etc... putting MO in the map of a new market segment.

## **6. Teaching Note**

### **6.1 Presentation**

This case study aims to elucidate how strategic management concepts and frameworks are applied in real-life scenarios. The Covid-19 pandemic showed the need for agility in business as it demonstrated that sudden changes in the external environment require companies to adapt quickly to minimize losses and seize new opportunities.

The focus of this case is on the strategic adaptations made by Sonae in response to the pandemic, particularly through its e-commerce initiatives. It is designed for use in a Strategy-related class, where students will be provided with comprehensive information about Sonae's response, along with a series of questions to stimulate analysis and discussion. This section is intended to guide the teacher in presenting the case in class and to outline possible approaches on interpreting the information and answering the questions.

It is important to note that the answers provided here are generic and may vary from student to student, as interpretations can differ based on individual perspectives. Additionally, this case was written between September and December 2023, using data available at the time. Therefore, data post-December 2023 might offer different insights or lead to alternative interpretations of the case study.

### **6.2 Synopsis**

The case study entitled: 'E-commerce as an Adaptive Strategy: The Sonae Case' focuses on Sonae's companies MC, Worten and Zeitreel (MO). Faced with store restrictions due to the pandemic, these organizations were compelled to innovate and adapt to mitigate impacts. E-

commerce emerged as a key strategic response, capitalizing on the reduced in-person interactions during this period. This approach not only helped navigate the immediate challenges but also opened new doors. The study details the strategies followed by these companies and their implementation, offering insights into their adaptive measures during the crisis.

### **6.3 Teaching Objective**

This case study aims to provide students with a practical understanding on how the concepts of Resource-Based View (RBV), VRIN criteria (Value, Rarity, Inimitability, Non-substitutability), Dynamic Capabilities, Core Capabilities, and Core Rigidities are applied in a real business scenario, specifically within the context of Sonae's organizations (Sonae MC, Worten, and Zeitreel (MO)) adapting to the Covid-19 pandemic through e-commerce strategies. Students will analyse how these theoretical concepts influenced the decision-making process and strategic adaptations of these companies, examining how their internal resources and capabilities were leveraged or hindered under the pressures of a rapidly changing environment. The objective is to enable students to critically assess the role of these strategic management theories in enabling or constraining a firm's ability to adapt to unprecedented challenges.

### **6.4 Session Plan**

For the 150-minutes practical class on this case study, students will be provided with data on Sonae and relevant strategic management concepts, that are mentioned above, prior to the class for preparation. The professor should organize the class into groups of 3 to 4 students depending on the class size and sent an email before the class with the composition of each group. At the start of the class, students should assemble in their assigned groups. The session will begin with a 5-minutes video presentation about Sonae ([\*Sonae | Improving Life - YouTube\*](#)) to give students an insight into the company's context. The structure of the practical class consists in four key questions, three corresponding to a specific aspect of the case study and one more general. The students will be given 25-minutes to deliberate and formulate their responses for the first three questions and 10-minutes for the last one. Following the preparation, a 15-minutes class discussion will be held for each question, for the exchange of ideas and a deeper interpretation on the topic.

## 6.5 Suggested Assignment Questions and Expected Answers

**Q:** For Sonae's entities MC, Worten, and MO, classify their main resources and capabilities according to the VRIN criteria (Value, Rarity, Imitability, and Non-substitutability)?

**MC:**

MC	V	R	I	N
CC	✓	✓	✓	✓
Quico	✓	✓	✓	----
N&P	✓	✓	----	----
CO	✓	✓	✓	----
Relocation	✓	✓	✓	----
Facilities	✓	✓	✓	----

*Table 1 - VRIN criteria for MC*

**Cartão Continente (CC)** fulfills the VRIN criteria, affirming its role as a sustainable competitive advantage for Continente in the portuguese retail market. It is valuable due to its ability to exploit customer data for personalized promotions, fostering loyalty and repeat purchases. The card's rarity is underscored by its unique range of partnerships and features, unmatched by competitors. Its integration with Sonae-owned brands makes it inimitably complex for competitors to replicate. Additionally, the diverse benefits and partnerships it offers are not easily substitutable, as competitors would struggle to replicate the same network and effectiveness.

**Quico** provides significant strategic value (V) to Continente by ensuring the delivery of online products in less than thirty minutes, enhancing customer satisfaction. Furthermore, Quico is rare (R) due to being a delivery platform directly owned by MC, a feature not matched by competitors who either depend on third-party delivery partnerships or lack a similar service entirely. In terms of being costly to imitate (I), Quico's integration with the Cartão Continente platform, along with the benefits connected to Sonae's owned brands, creates a complex service model that is challenging for competitors to replicate. This difficulty arises from the unique combination of the delivery service with the loyalty platform, making it a unique asset that

competitors cannot easily imitate. However, regarding non-substitutability (N), it's conceivable that competitors might eventually develop similar rapid delivery services, potentially integrating them with their own loyalty platforms. While as of now, Quico's combination of features and services remains unique and difficult to substitute, but the possibility of future competition in this area suggests that it doesn't fully meet the non-substitutability criteria.

The **Network & Partnerships (N&P)** of MC satisfy the 'Valuable' and 'Rare' components of the VRIN criteria. These connections are valuable as they offer crucial expertise and capabilities for handling unique market challenges, as seen in strategic alliances with major international entities like Walmart in China. Additionally, collaborations with top delivery providers, such as UberEats and Glovo, enhance the customer experience by ensuring efficient and diverse delivery options. The rarity of these partnerships comes from their limited presence, primarily among major players in the market, which offers a competitive advantage. However, these partnerships may not satisfy completely the 'Inimitability' and 'Non-Substitutability' aspects. With several significant players forming similar partnerships, replication, while challenging, is feasible. Furthermore, the possibility for competitors to establish similar relationships with alternative providers, for example BoltFoods, indicates that these partnerships could be substituted.

**Continente Online (CO)** aligns well with several VRIN criteria aspects, notably in being valuable, rare, and costly to imitate, yet it does not fulfill entirely the non-substitutability criteria. Its value lies in offering a broad array of products accessible online, significantly enhancing customer convenience. The platform's rarity is evident in its visibility at this scale, particularly regarding the product variety and quantity, along with its capability to manage high traffic while maintaining efficient operations, while being known by the whole market. While replication of Continente Online is out of reach, requiring significant resources and technological development to match Continente's supplier network and online infrastructure, besides of course all the power of the Continente brand recognition. On the other hand, in terms of non-substitutability, Continente Online faces potential competition. Competitors could develop similar online platforms, offering an extensive range of food retail products and other items with comparable user-friendliness, potentially substituting Continente Online's current market position.

**MC's group relocation strategy** aligns with the 'Valuable', 'Rare' and 'Inimitable' aspects of the VRIN framework. This strategy involved strategically transferring resources,

including products and staff, from various brands to critical areas, notably to Continente stores, which was instrumental in maintaining operational efficiency and ensuring customer satisfaction, underscoring its immense strategic value. The uniqueness of this extensive and adaptable resource reallocation marks a significant competitive edge, as it's a capability not commonly found among competitors. The relocation strategy is challenging to replicate due to its resource base and knowledge, since it would be costly for competitors to arrange that amount of resources capable of relocating in such a short period of time. In contrast, when considering 'Non-Substitutability', the scenario is more nuanced as the strategy could be substituted if other firms would have a similar scale of resources and operational capabilities.

**MC's facilities** align with the 'Valuable', 'Rare' and 'Inimitable' elements of the VRIN framework. These facilities, encompassing state-of-the-art warehouses and stores, are not only extensive in size and optimally located but also offer superior conditions, delivering substantial value to both the company and its clients. The widespread presence and strategic positioning of Continente's facilities across Portugal, with the aim of reaching every neighborhood, are unique attributes that provide a distinct competitive advantage. When establishing a similar network of facilities as Continente is challenging for competitors, especially given Continente's market leadership and strategic locations, which is very costly to replicate. On the other hand, the potential for substitutability is present, if competitors manage to secure comparable locations and attract Continente's customer base, they could substitute these facilities.

## Worten:

Worten	V	R	I	N
Adaptability	✓	✓	✓	---
W&M	✓	✓	✓	✓
Proximity	✓	✓	✓	---

Table 2 - VRIN criteria for Worten

**Worten's adaptability strategy**, mainly in using in-store stock for online sales, is aligned with the Valuable, Rare and Costly to Imitate aspects of the VRIN framework. This approach, which leverages the large size of in-store stock to maintain online sales without over-relying on warehouse stock, is highly valuable, enhancing operational efficiency and customer service. It's also rare, as many competitors lack the facilities or stock to adapt as effectively as Worten did, giving it a competitive advantage. While this strategy is challenging for competitors to imitate due to the required resources and infrastructure. There is potential for substitutability, if the competitors are able to offer similar product availability and value propositions, they might replicate the benefits of Worten's approach.

**Worten's website & marketplace (W&M)** demonstrate a strong alignment with the VRIN criteria, encompassing Valuable, Rare, Inimitable and Non-substitutable attributes. As the largest e-commerce website in Portugal for electronic retail, Worten offers an exceptional range of products and services, with the integration of the marketplace into Worten's website enhancing its uniqueness and extending beyond its core business. This extensive variety is unmatched in the market, making it a rare and unique offering that competitors currently do not provide. The additional products and expertise gained through partnerships and acquisitions, with Zaask and Dott, can't be replicated, marking the platform inimitable. Additionally, the distinct know-how and other differentiated features, particularly in operating its Marketplace, can't be replaced with alternative solutions. Therefore, Worten's website and marketplace fulfills all the criteria for the VRIN framework.

**Worten's emphasis on proximity and convenience** aligns well with key aspects of the VRIN criteria, reflecting its value, rarity and inimitability, but there is a potential for substitutability. The brand's expansive network of over 200 physical stores not only offers customers the convenience of easy access but also facilitates the collection and return of online

orders, facilitating the shopping experience. This extensive presence sets Worten apart from major competitors like Amazon and Aliexpress, who lack physical stores in Portugal, and from other competitors whose store networks are less present. The established physical footprint of Worten poses a significant challenge for competitors looking to replicate this strategy. Establishing a presence in locations already dominated by Worten and winning over its customer base would require considerable effort and resources. Nevertheless, the prospect of substituting Worten's advantage in this area exists. If competitors successfully establish stores in strategic locations and attract Worten's customers, they could mimic the benefits of Worten's approach to proximity and convenience leading to a certain level of substitutability.

**MO:**

MO	V	R	I	N
CC - MO	✓	✓	✓	✓
Commerce Cloud	✓	✓	---	---
Locations	✓	✓	✓	---
Partners	✓	✓	---	---

*Table 3 - VRIN criteria for MO*

**Cartão Continente (CC) feature on MO's website**, in the context of the fashion retail sector, aligns well with all aspects of the VRIN criteria. This feature enhances the online shopping experience with discounts and promotions, similar to Continente, adding significant value for customers. MO's unique position as part of the Sonae network, which encompasses a diverse range of businesses, makes this offering rare in the portuguese fashion retail market. Competitors cannot easily establish a similar partnership with Sonae, as it would mean surrendering a competitive edge for Sonae, making the feature inimitable. Furthermore, given the absence of another multi-industry giant in Portugal with a loyalty card offering such extensive

partnerships, this aspect of MO's business is non-substitutable. Therefore, the Cartão Continente feature on MO's website satisfies the Valuable, Rare, Inimitable, and Non-Substitutable criteria, marking it as a significant strategic asset.

**Commerce Cloud**, provided by Salesforce and utilized by MO, is a strategic tool that aligns well with the Valuable and Rare aspects of the VRIN criteria. Its ability to enhance MO's e-commerce platform in a simple yet effective manner makes it a valuable asset, boosting their online capabilities. Additionally, being one of the top e-commerce tools globally and its high cost contribute to its rarity, giving MO an edge in the market. However, in terms of inimitability and non-substitutability, commerce cloud presents a different picture. The tool, while beneficial, can be imitated as competitors also have the option to acquire similar products from Salesforce. Moreover, there are alternative cloud-based e-commerce solutions offered by Salesforce's competitors, suggesting that commerce cloud is substitutable.

**MO's stores locations** demonstrate a strong alignment with certain parts of the VRIN criteria, particularly in terms of being Valuable, Rare and Inimitability, while showing potential substitutability. MO's strategic placement of stores in small shopping galleries owned by Sonae Sierra, a part of Sonae, ensures widespread representation across the country. This strategic location strategy is not only valuable for its high visibility and accessibility but also rare, as it's uncommon for a clothing store to have such a presence in smaller shopping venues that typically host only a few stores. The inimitability of this strategy comes from the fact that these shopping galleries are owned by Sonae, making it highly unlikely that competitors could secure similar locations, as Sonae remains interested in maintaining its competitive advantage in these spots. However, the substitutability aspect comes is relative to consumer behavior with customers might prefer similar products available at other nearby stores. This potential for customer preference shift suggests that while MO's stores locations are strategically strong, they are not entirely immune to market competition and consumer choices.

**MO's partnerships strategy**, particularly in the context of its association with Continente and other international supermarkets, reflects distinct aspects of the VRIN framework. These partnerships, which enable MO to sell its clothing in the clothing sections of various supermarkets, are not only valuable for expanding its market reach but also rare in the industry. The rarity comes from the uncommon practice of clothing companies selling their items in supermarket settings, a strategy not widely adopted by competitors. Regarding inimitability, while MO's specific arrangement with Continente is difficult to replicate,

especially since Continente, as part of Sonae, is unlikely to sell clothing from outside its network. Competitors could potentially forge partnerships with MO's international supermarket partners, exploring opportunities to place their products in these venues. Regarding non-substitutability, there's a possibility that this approach could be substituted. If a competitor successfully partners with another clothing company and begins to sell their products in supermarkets, they could offer a similar value proposition to what MO's partnerships currently provide.

Concluding, this exercise analysed some of the companies under the Sonae umbrella and provided insights on the diverse resources and capabilities that contribute to their competitive advantage. For each one, distinct elements have been evaluated through the range of the VRIN framework. This examination has revealed on how certain attributes provide not just competitive advantage but also indicate potential for sustainable advantage over time.

**Q:** How did each of those Sonae's businesses leverage their dynamic capabilities, in terms of e-commerce, in response to the crisis, and in what ways did that contributed to achieving a competitive advantage in their respective markets?

The Covid-19 pandemic led to significant restrictions on physical stores in Portugal, prompting many companies to prioritize e-commerce as a solution to adapt and maintain a competitive edge.

MC utilized its vast network, notably consulting with Walmart in China, a leading global supermarket chain and an early responder to the pandemic, to gain insights on managing such unprecedented circumstances. Continente Online, already a front-runner in the market, experienced a surge in customer usage. To accommodate this increased demand, MC expanded the website's capacity, ensuring a seamless shopping experience. The Cartão Continente feature on the website personalized the customer journey with tailored discounts and promotions, a highly valued aspect during uncertain times. Partnerships with delivery services like UberEats and Glovo, and later the introduction of Quico, optimized delivery efficiency. This was crucial as online orders spiked, necessitating timely deliveries. Quico and Glovo also integrated the Cartão Continente feature, enriching the customer experience while providing valuable data on shopping patterns to Continente. Additionally, MC's strategy to reallocate staff from less active

areas, such as Bagga coffee shops, to warehouses and other essential locations to prepare orders, helped managing the increased focus on online orders.

Worten, another Sonae business, employed three different strategies. Despite many physical stores remaining operational, a shift towards online shopping emerged. To address this, Worten began utilizing its in-store inventory to fulfill online orders, effectively avoiding stock shortages. The brand also capitalized on its extensive network of over 200 stores, facilitating convenient options for customers to collect or return online purchases. Furthermore, Worten's status as Portugal's most frequented e-commerce website at the time, in its segment, was leveraged by expanding its marketplace, adding a wider range of products and services. This expansion enabled customers to access a diverse range of products and services on a single platform, simplifying the shopping process.

MO leveraged the integration of the Cartão Continente feature in its online platform. This integration offered customers discounts and promotions, thereby improving the shopping experience and boosting website traffic and sales. MO, with the Commerce Cloud platform from Salesforce, effectively managed increased online traffic, ensuring MO's e-commerce platform remained responsive.

The strategic adaptations made by these Sonae's entities during the Covid-19 pandemic, including leveraging existing networks, enhancing e-commerce platforms, and optimizing delivery systems, not only proved to be crucial for maintaining a competitive edge but also presented unique characteristics that are both costly to imitate and irreplaceable. That establish them as indispensable assets in the market, distinguishing Sonae's companies from their competitors and setting a precedent for sustained competitive advantage in a dynamic retail environment.

**Q:** What core rigidities were encountered by Sonae's businesses as they were using e-commerce to adapt to the rapidly changing environment of Covid-19, and what measures did they take to address and overcome these challenges?

During the Covid-19 pandemic, Sonae's entities —MC, Worten, and MO— encountered core rigidities that hindered their adaptation to the evolving e-commerce landscape. These rigidities, deeply rooted in pre-pandemic operational practices, obstructed innovation and limited the exploration of new market opportunities. However, recognizing these challenges, each one implemented strategic measures to adapt and thrive in the new environment.

For MC, traditional operations quickly became outdated due to increased delivery times, stock shortages due to the supplier, and prolonged customer response times. Continate's original reliance on its own delivery service proved out to be insufficient for the surge in online orders brought on by the pandemic. To overcome this, Continate expanded its capacity by forming partnerships with external delivery providers and creating a new service of their own, thus ensuring a more frequent delivery service for the online orders. Additionally, to tackle the issue of stock shortages, Continate implemented a strategy of substituting products in online orders with similar alternatives, maintaining quality and price consistency for the customer. Furthermore, the customer service and call center operations were transitioned to a remote setup, scaling up to meet the increased demand and assist a growing base of customers unfamiliar with online shopping.

Worten, facing a significant decline on in-store traffic, adapted its business model to align with the growing preference for online shopping. The brand enabled customers to pick up and return online orders, including those from the Worten marketplace, at any of its physical stores. This not only enhanced customer convenience but also effectively utilized the existing store network. Recognizing the underutilization of store staff due to reduced store traffic, Worten reassigned them to process and dispatch online orders. This strategic move not only prevented potential layoffs but also turned the physical stores into critical hubs for managing nearly half of the brand's online orders, offering customers rapid and efficient order fulfillment.

MO, traditionally focused on B2C e-commerce, adapted its strategy during the pandemic by expanding into the B2B sector. This shift was notably driven by the increased demand for Covid masks, a product that became essential in both consumer and business markets, placing MO in a new market segment. MO's e-commerce faced challenges with the 'Ship from store' capability, which wasn't available at the start of the pandemic. This limitation hindered the efficiency of online sales, as the in-store stock was inaccessible for online orders during lockdowns. To overcome this, MO developed and implemented the 'Ship from store' system, integrating in-store inventory with their online platform. This allowed MO to effectively use its entire stock for online orders, ensuring the availability of products.

These adaptations demonstrate a proactive and flexible approach to overcoming initial operational rigidities. By innovating and reshaping their strategies, MC, Worten, and MO not only navigated the challenges posed by the pandemic but also positioned themselves for sustained growth and competitive advantage in a dynamic retail environment.

**Q:** Considering all the information on the case, which of Sonae's companies - MC, Worten, or MO - were more effectively prepared to handle a sudden event like the Covid-19 pandemic, and why?

Based on the provided data, it's evident that MC and Worten were notably well prepared to tackle the unprecedented challenges posed by the Covid-19 pandemic. Among the presented Sonae organizations, these two stood out, particularly in their use of e-commerce as a key adaptive strategy.

MC, with its extensive resources and capabilities, was uniquely positioned to handle such an event. The brand's comprehensive approach had a significant impact on enhancing e-commerce operations. Particularly noteworthy was Continente Online with the Cartão Continente feature. This pre-existing platform, already widely used, became a critical element in navigating the pandemic's constraints. Its comprehensive nature and high user base made it easier to further leverage under the new conditions, significantly contributing to MC's competitive edge.

Worten, with its e-commerce site incorporating a diverse marketplace, also gained a substantial competitive advantage. The variety of products offered, coupled with the convenience of easy pick-up options at their numerous physical stores across Portugal, provided a service non-substitutable in the market.

The impact of these strategies is reflected in the companies' performance outcomes, by looking to the post-pandemic results, MC maintained the significance of the online channel and Worten continued to see growth, with the online having a substantial share of the total sales volume. In contrast, Zeitreel and more specifically MO observed a slight decline in their online sales, as traditional shopping habits resumed to normal, but the numbers were still higher than before the pandemic.

## 7. Conclusion/Limitations

The goal of this case study is to demonstrate the crucial role of e-commerce as a strategic tool in navigating the sudden events of the Covid-19 pandemic. By looking into the experiences of Sonae's companies - MC, Worten, and MO, this study aims to engage students in applying theoretical knowledge to a real-life scenario.

Before the pandemic, these companies already had e-commerce platforms, which functioned as a complement to their main retail channels. The pandemic accelerated a shift in the retail landscape, with consumer behaviors and preferences experiencing rapid changes due to the constraints in retail physical operations. This called for a strategic response from companies, particularly regarding a stronger bet on e-commerce.

MC, Worten, and MO demonstrated that e-commerce is not just an alternative sales channel. Their successful adaptation involved not only leveraging their own existing resources and capabilities but also developing new ones to meet the changing needs of their customer base. This strategic shift towards a greater emphasis on e-commerce enabled them to not only reduce the immediate impacts of the pandemic but also to capitalize on new market opportunities by filling market gaps and enhancing even more their overall market position. In the end, the contribution of e-commerce to these businesses' sales became significantly higher than it was prior to the pandemic.

The conclusion drawn from this case study is that e-commerce stands out as an ideal business strategy, particularly during a crisis such as Covid-19, which hinders in-person interaction. The agility and flexibility provided by digital commerce platforms have proven to be essential for businesses to stay connected with their customers and maintain operations during those unprecedented times.

In addressing the limitations of this study, there are key points that should be mentioned. The focus of Zeitreel's interview was primarily on MO, without extending to other crucial segments of Zeitreel, such as Zippy, Salsa, and Losan. Including these segments in the interview process would have offered a more holistic understanding of Zeitreel's overall response to the pandemic.

Also, it should be noted that some of the data presented, including graphs and statistical information, are not from this year and may therefore be somewhat outdated. However, at the time of writing this thesis, these were the most recent and reliable sources available on the topics discussed. Future research might benefit from updated data as it becomes available to provide a more current perspective.

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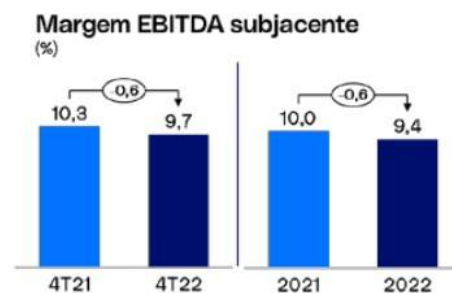
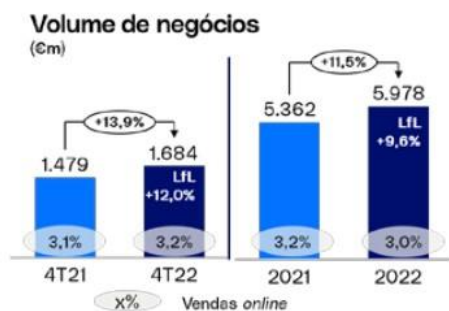
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## 9. Appendix

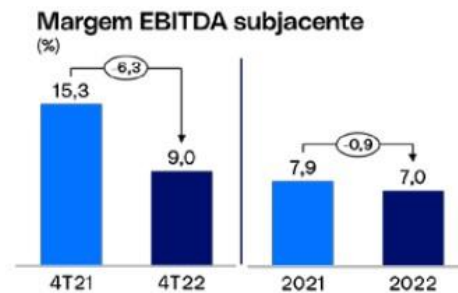
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### 9.2 Worten

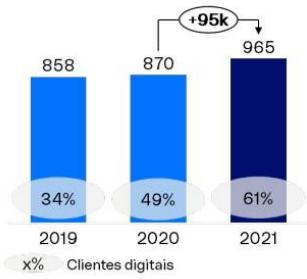


### 9.3 Zeitreel



## 9.4 Universo

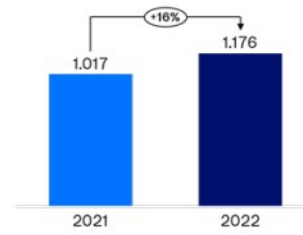
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(000)



Produção Total  
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### Appendix Source:

Sonae; Annual Report 2020

Sonae; Annual Report 2021

Sonae; Annual Report 2022