



UNIVERSIDADE CATÓLICA PORTUGUESA

Cause-Related Marketing in E-Commerce

The Case of Mercado

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Católica Porto Business School

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by

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Resumo

Marketing de Causas é o processo de formulação e implementação de atividades de marketing que são caracterizadas por uma oferta da empresa para contribuir para uma causa específica (Varadarajan & Menon, 1988).

O objetivo principal deste estudo é entender como o Marketing de Causas é aplicado no E-Commerce. Para o presente estudo, pretende-se perceber até que ponto uma iniciativa de Marketing de Causas pode ser sustentada no âmbito do E-Commerce e quais os principais desafios na sua implementação.

Entrevistas semi-estruturadas, em conjunto com análise de documentos, serviram como métodos de recolha de dados para a construção do caso Mercado Solidário. Este caso permitiu esclarecer os objetivos abrangentes do projeto e identificar algumas recomendações para possíveis mudanças futuras no aumento do conhecimento deste tipo de marketing e envolvimento interno e externo com o mesmo.

Palavras-Chave: E-Commerce, Marketing de Causas, Loja Solidária

Número de Palavras: 6540

Abstract

Cause-related marketing is the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute to a specific cause (Varadarajan & Menon, 1988).

This study's main objective is to understand how Cause-Related Marketing is applied in E-Commerce. For the present study, the intent is to understand to what extent a Cause-Related Marketing initiative can be sustained within E-Commerce, and what are the main challenges regarding its implementation.

Semi-structured interviews, in conjunction with document analysis, served as the data collection methods to build the case of Mercado Solidário. This helped to clarify the project's overarching goals and identify a few recommendations for potential future changes regarding the increase of knowledge about this type of marketing and internal and external engagement with it.

Keywords: E-Commerce, Cause-Related Marketing de Causas, Solidary Store

Word Count: 6540

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List of Abbreviations

CrM (Cause-Related Marketing)

MS (Mercadão Solidário)

NPO (Non-Profit Organization)

Introduction

In 2020 the world was going through one of the toughest times in recent years, the Covid-19 pandemic. The pandemic impacted many businesses and families, who had to reinvent themselves to surpass their difficulties. Many companies felt the urgent need to somehow contribute to society, by helping people in need with the means they had at their disposal. Cause-Related Marketing (CrM) campaigns became very popular, and it was after this period that the solidarity project that we are going to analyze - Mercado Solidário - was created, in April 2021.

The general objective of this study is to gain a deeper understanding of CrM within E-Commerce. To do so, we have raised the following question:

To what extent can a Cause-Related Marketing initiative be sustained within E-Commerce? What are the main challenges regarding its implementation?

The research was conducted through a case study of Mercado Solidário, a CrM initiative in an E-Commerce context, based on semi-structured interviews and documental analysis. The case study allowed us to achieve a deeper understanding of CrM in E-Commerce and answer the questions raised.

After this introduction, this study presents a literature review where Cause-Related Marketing, in particular within E-Commerce, is discussed. The study's methodology follows, detailing the methods for collecting and analyzing the data used in the case study. After presenting the case study of Mercado Solidário and discussing the evidence found, the study concludes by answering the questions raised and pointing out its main limitations and potential contributions.

Chapter 1

Cause-Related Marketing: Concept, Characteristics and Perceptions

Cause-Related Marketing, also known as CrM, is the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause, when consumers engage in revenue-providing exchanges that satisfy organization and individual objectives (Varadarajan & Menon, 1988)

CrM allows consumers to express their concerns about environmental and social issues such as environmental conservation, hunger, poverty, education for poor children and support for disabled people, through their purchases in grocery stores or supermarkets, at no additional cost to them in terms of time and money (Anuar & Mohamad, 2012). One of the benefits of this strategy is that it can improve corporate image and profits, while also raising funds for a variety of causes.

The concept was first used in 1983, when American Express promised to contribute 1% for every card transaction and \$1 for every new card issued during the last quarter of that year. The restoration of the Statue of Liberty was the campaign's goal. The use of the card and the number of users increased, and the campaign generated a contribution of 1.7 million dollars (Rego, 2006).

In order to succeed in a CrM campaign, clients and other stakeholders identify themselves with the cause and know exactly what their contribution is, as well as the company's contribution to that cause (Duarte & Silva, 2018).

CrM is considered a tool to set a company apart from its rivals and provide a competitive edge, while engaging in Cause-Related Marketing. Since then, CrM has been used as a marketing tool.

The various forms of interaction that take place between all parties involved must be considered, in order to better comprehend the various CrM campaigns. The three parties involved are consumers, companies and non-profit organizations (NPO).

These types of campaign bring advantages to the different parties. Regarding the consumers, it provides them a sense of added value for their purchase and the satisfaction of knowing they are helping a cause, whether this happens offline or online (Silva et al., 2021). By participating in this type of causes, consumers are humanizing something that would otherwise be just a transaction, making it more rewarding for them (Silva et al., 2021). Associating products with a cause lessens the guilt that consumers feel after buying multiple items, especially the more expensive ones. Surveys have shown that most consumers, if price and quality are equal, are more likely to switch to a brand that has a Cause-Related Marketing benefit (Brønn & Vrioni, 2001).

Regarding companies, CrM has several advantages, including an enhancement in the company's image, reputation, and brand value. CrM campaigns improve the marketing relationships with customers, which can lead to the stimulation of the purchase behavior of the consumers and so an increase in revenue, being more profitable than other marketing activities. Another advantage for the firm is that the supporters of the cause will now become consumers of the company, and as such the company will increase its reputation and consumer loyalty (Silva et al., 2021).

The NPO also obtain benefits from these partnerships, as they increase funding, by receiving contributions from the company. Additionally, they receive more public exposure, which may attract more donors, enhance the reputation of the cause, and attract volunteers. Companies also provide the

causes with their marketing talent and business knowledge to develop and implement the CrM campaigns (Silva et al., 2021). In addition, since all donations come from one place, there is less administrative work to be done by the NPO, which means lower costs.

In summary, the economic interaction created by a CRM campaign creates a win-win situation for all parties involved: the consumer obtains the product as well as the satisfaction of contributing to a cause; the corporation improves its sales and financial performance; and the non-profit organization receives valuable publicity and financial support (Dahl & Lavack, 1995).

The partnership between these three parties can be formed through transactional programs, message promotion programs and licensing programs. A transactional program is the typical exchange-based donation when a product is sold, and the firm gives a share of the profits to the NPO it is related to. Message promotion programs are not considered within the scope of CrM campaigns, since the cause is promoted to bring awareness to the cause's message or to attract the participation of the consumers and at the same time improve the image of the brand sponsoring the cause, but with no transaction involved. For licensing programs, the NPO licenses its name and logo to the company and, in exchange, gets a percentage of the revenue (Silva et al., 2021).

There are two different ways to donate: monetary or in-kind. From a resource perspective, an in-kind donation offers a potentially higher return on marketing investment; while the monetary donation is perceived by the public at its full market value, its impact upon firm financials is based on its cost to produce or deliver (Woodroof et al., 2019). Making in-kind donations are more valuable to companies because they are better placed to benefit from advantages in key areas, such as deeper employee commitment and company identification, stronger customer relationships, and improved brand image.

Due to the multitude of advantages it offers to important stakeholders, and the growing consumer concerns over socially responsible purchasing, companies all over the world are becoming more interested in CrM.

By doing this, socially responsible companies differentiate themselves from other companies and their behavior is positively evaluated by consumers when making purchase decisions, providing them with a competitive advantage (Silva et al., 2020).

Even though, there are many favorable arguments supporting CrM campaigns, companies that chose to implement them must bear in mind that sometimes there is a fine line that separates positive and negative impacts on the consumer.

Consumer skepticism makes consumers doubt or question a company's claims regarding its involvement in trying to improve or mitigate social and environmental issues. Previous research indicates that consumer skepticism around CrM is decreasing in some nations where it is widely used. It also suggests that customers have a less favorable view of CrM in nations where it is less well-established (Anuar & Mohamad, 2012).

Consumer skepticism toward CrM is a challenge for companies investigating the possibility of implementing it, because CrM tends to be viewed with skepticism because a donation to a particular cause is linked with a purchase of a product. Consumers tend to believe that CrM campaigns are conducted because companies want to enhance their sales and generate more profits, rather than help causes (Anuar & Mohamad, 2012).

Consumers who are skeptic about companies' motives would never perceive the brand credible, and therefore evaluate the brand negatively. The perception is developed among consumers that companies are using CrM for their own benefits ("self-seeking motives") rather than genuinely supporting the cause itself (Patel et al., 2017)

To avoid consumer skepticism, companies must communicate to consumers the details of their CrM campaigns, for instance, by providing clear information about how much has been raised by their previous campaigns and how they have helped their partner causes (Anuar & Mohamad, 2012).

It is important to manage the consumer perception regarding the exploitation of a cause. If the consumer feels that the cause is being exploited by the NPO, then this perceived exploitation makes the CrM promotion less attractive. The consumers will feel that their personal participation in the CrM promotion will do little to help the cause. The higher the level of perceived exploitation, the less consumers will want to participate in a given CrM promotion. For this reason, perceived exploitation is an important variable to examine, since it has a direct impact on consumer participation in the CrM promotion (Dahl & Lavack, 1995).

A key ethical concern is whether NPOs are exploited in the cause-related marketing relationship. Companies involved in CrM often spend more money on promoting the CrM campaign than on their actual contribution, and such a high level of promotional spending has been held up as being ethically questionable (Dahl & Lavack, 1995).

Regarding the price form of the donation, there is reason to believe that the percentage-of-price format can be more problematic and ambiguous than absolute-dollar format, since a percentage of a sale price requires a consumer to calculate the actual donation value by a mathematic step, thus increasing the complexity of the task and the comprehension. Companies should decide how to present a donation amount appropriately (Chang, 2008).

Nowadays, it is becoming more common that E-Commerce businesses engage in CrM initiatives. We have seen that this strategy comes with many challenges and difficulties associated with it, which we will examine through a case study.

Chapter 2

Method

This work addresses the following questions: To what extent can a Cause Related Marketing initiative be sustained within E-Commerce? What are the main challenges regarding its implementation?

To answer these questions, we explored the case of Mercado and, specifically, Mercado Solidário, conducting a descriptive and qualitative study using the case study method.

According to Yin (2018), the definition of case study has two parts:

- The scope of a case study: Investigating a contemporary phenomenon (the “case”) in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident and
- A case study’s features: The situation where there will be many more variables of interest than data points, thereby relying on multiple sources of evidence and benefiting from the development of theoretical propositions to guide data collection and analysis.

The case study is a descriptive one, because the questions raised trace operational processes over time, rather than mere frequencies or incidence (Yin, 2018).

To develop the case study, we used two techniques for data collection: documentation and semi-structured interviews. We gathered documents from Mercado’s database. We also conducted five interviews to different collaborators of Fonte Online (the company that owns the Mercado brand), namely the Head of Content, Head of Operations, Marketing Manager,

Operations Manager and Product Manager, to understand the different points of view regarding the project of Mercado Solidário. The interview guide was the same for all interviewees. The following questions were made during the interviews:

1. What led to the creation of a solidarity initiative?
2. What were the main motivations for this creation?
3. How was the internal evaluation of these motivations made?
4. What were the objectives you intended to achieve with this implementation?
5. How was the process set up? Can you tell me a little bit about it?
6. How did the idea for the donation method came up? Why it was chosen a method in which the customer donates goods instead of one in which the customer makes a monetary donation or when buying a certain product, a percentage of the sale value is donated.
7. What were the main initial challenges?
8. And currently, what are the main challenges?
9. What is the downside of being involved in Mercado Solidário?
10. Do you feel that the client has joined this initiative?
11. To what extent do you feel that your creation impacted the Mercado universe?
 - As for the company itself?
 - Regarding customers?
 - Regarding collaborators?
 - Regarding shoppers?
 - Regarding yourself?
12. How does this initiative impacts Mercado's reputation?

To analyse the data, we used the three types of data analysis presented by Tesch (1990): interpretive, which comprises a comprehensive evaluation of all

obtained data with the goal of structuring it to explain the phenomena under study; structural, which entails evaluating data in order to uncover patterns that may provide light on the issue under consideration; and reflective, in which we understood and assessed the phenomena under study using judgment and intuition.

The method and techniques used allowed us to gain a deeper understanding of the extent to which a Cause Related Marketing initiative can be sustained within E-Commerce, and of the main challenges its implementation faces.

Chapter 3

Case Study: Mercado Solidário¹

3.1. Introduction to Mercado

Mercado is an on-demand marketplace that has been running since 2018. It was created within Fonte Online, a company founded in 2014 by Gonçalo Soares da Costa, Ricardo Monteiro, and Elísio Santos. The focus of the firm is on managing online businesses through business operations, data, web development, marketing, and customer service. The company is specialized in: Consulting, Design, and Investment, and besides Mercado, its portfolio includes Vinha (online retail store specialized in Portuguese wines) and Cabazes.pt (online retail store specialized in Portuguese baskets)

Mercado's mission is to improve people's lives by extending their time, so they have more hours to do what they love.

According to the company (Mercado, 2023), this service stands out for being fast, adaptable, and extremely customized, and it is present in more than 60 Portuguese zones. According to the classification code of economic activities (CAE 47910), Revision 3, the industry is classified as a "Retail business by mail order or via Internet", featuring Home Delivery services or through Click & Collect.

Via Mercado, customers can purchase goods from a variety of partner stores, including Pingo Doce, Decathlon and Gleba, all at once, through the marketplace's online shopping.

¹ Contains confidential information.

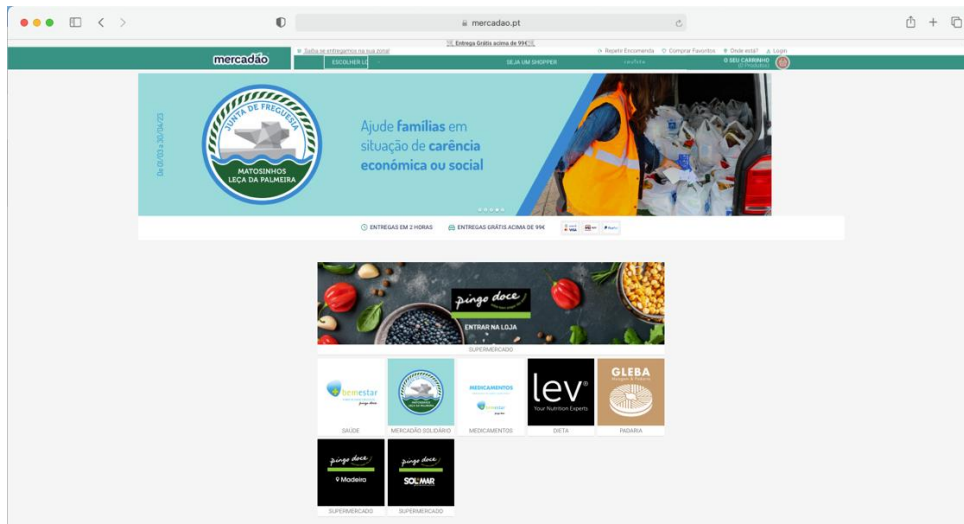


Figure 1 : Mercadoão's Website
Source: Mercadoão (April 2023)

Since its beginning, Mercadoão had made partnership with different partners from different sectors.

When Mercadoão opened business, it had 13 partners that had stores inside Mercadoão's Website. During the last 5 years, Mercadoão had more than 30 partners that had stores inside their website.

Nowadays Mercadoão only has 8 stores online, from the following partners: Pingo Doce, Bem Estar, Bem Estar Medicamentos, LEV, Solmar Açores, Mercado Solidário and Gleba.



Figure 2 : Mercadoão's Partners Evolution
Source: Own Elaboration

3.2. Mercado Solidário

Mercado Solidário (MS) is Mercado's solidary store. It was created with the aim of bringing essential goods to those who need them most.

Through collaboration with the Mercado community, every two months, an order is delivered to an institution that supports charitable causes. At the end of each campaign, all donations are tallied and a dedicated team of shoppers delivers them to the respective institution. Mercado uses a transactional program for its online store, but with the particular feature of donating not a share of the profit, as mentioned above, but the products that the client buys, as an in-kind donation.

While doing research of the Portuguese market's solidarity offers, we can see that from the ten e-grocery retailers, four of them don't have any kind of project (Apolónia, E.Leclerc, Froiz Supermercado Online and Spar Online), two of them have Corporate Social Responsibility Initiatives (Auchan and El Corte Inglés Supermercado), one has a Solidary Store (Mercado) and the other three have platforms where they share different initiatives (Message Promotion Programs).

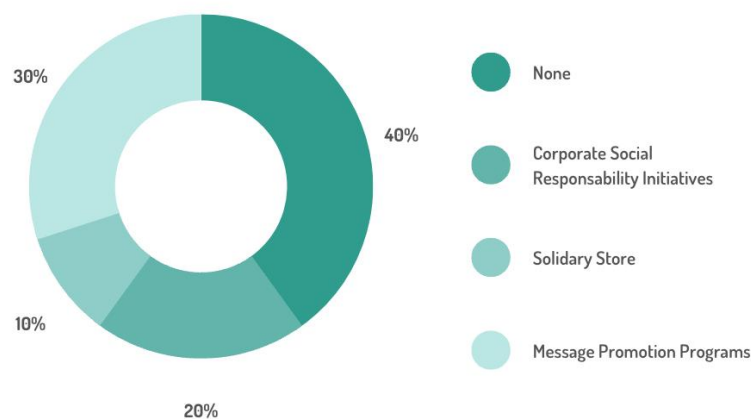


Figure 3 : Market Analysis

Source: Own Elaboration, from each retailer's websites

In April 2021, in one of the Mercado's team meetings, the Head of Operations, who has a volunteer background and at the moment was volunteering in an association, thought that Mercado could do the same thing, delivering products

to customers, by doing the “continuation of what we do best and making it work to help people in need” (Interview, Head of Operations). When introducing the project to the media, Gonçalo Soares da Costa, one of the founder, stated about the project: “We know that this is a difficult time for many people and we want to be at the side of those who need it most, making a valuable contribution at a difficult time. As such, we want to partner with various institutions to do what Mercadoão does best: delivering high-quality purchases” (Marketeer, 2021)

The launch process of MS was divided in 3 parts: technology, marketing, and operations. In the first part, technology, people at Mercadoão realized that they could not do any type of development in the website, so it was decided to make it simple and easy by creating another store. As the Head of Operations stated in her interview: “We quickly realized that if we didn’t want to get extra development costs, we needed to create a store, this was easy for us because we knew the business very well and we found a way of adapting our business to this cause.” (Interview, Head of Operations).

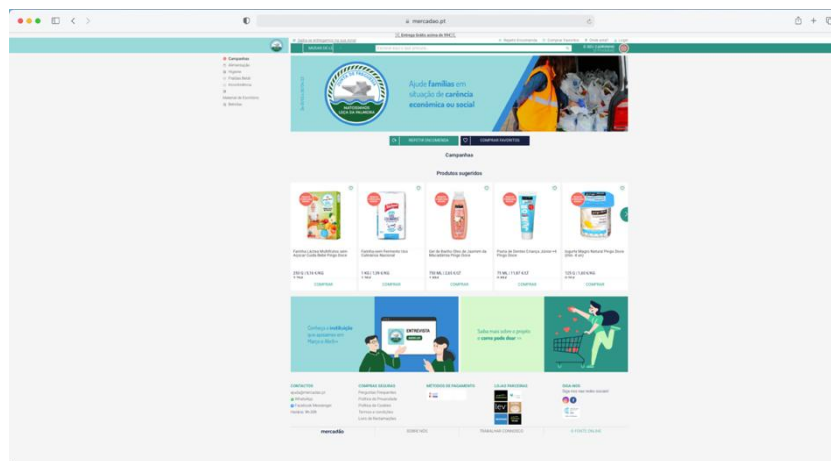


Figure 4 : Mercadoão Solidário's Store
Source: Mercadoão (April 2023)

Regarding the marketing approach, there was the need to create the new image of the store and understand what would be necessary to communicate with the clients: “It was necessary to give life to the project, bench marketing research was carried out, the logo was developed, it was thought to implement

the structure of how we were going to communicate it because it's something new" (Interview, Marketing Manager).

Concerning the operations side, it was mandatory to not disturb the normal operations: managers at Mercadão did not want to have an order not delivered to a client because of the Mercadão Solidário's delivery.

Mercadão has its major operations site in the cities of Porto and Lisbon, and because of that, and also because the bigger Pingo Doce stores are located there, managers choose NPOs in both cities. It was defined in both cities to have a store dedicated to the project, which every month receives the list of products. When the campaign ends, the store, after receiving the list of products to donate, does the picking and then, one of Mercadão's shoppers, while doing the checkout, confirms if everything is according to the products' list. After this process, the shopper does the delivery at the place and time already agreed with the NPO.

To help conduct the project, a Solidary Committee was created that was called Mercadão Solidário. It is formed by one person of each department of the company, who is responsible for the project in that specific area, guaranteeing if the project is going well and does not affect the daily activities of each department.

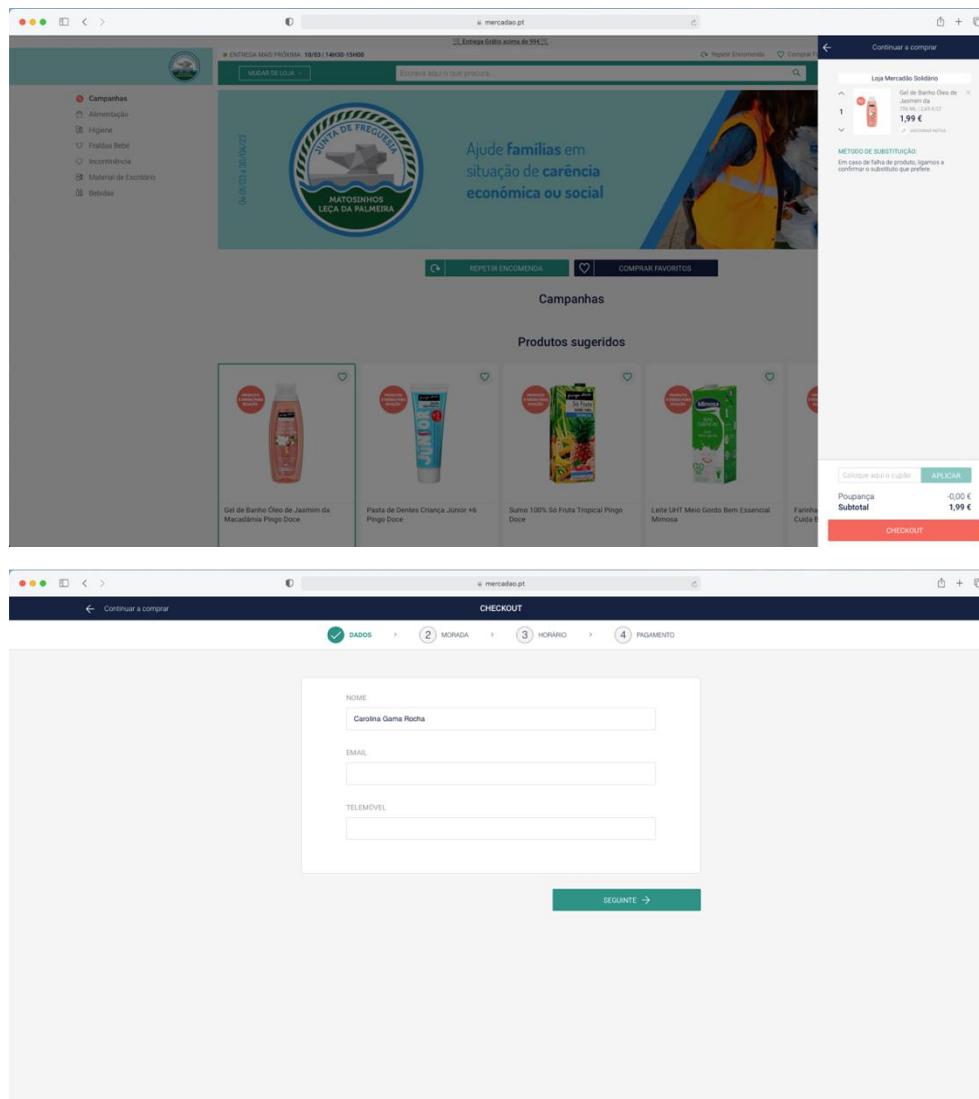
On the website of Mercadão there is a form where the client can suggest an NPO or the NPO sends a help request. After analyzing all the requests and suggestions, the Solidary Committee takes into account the level of necessity of the NPO, the number of beneficiaries, the associated cause, and the proximity to one of the Mercadão delivery zones.

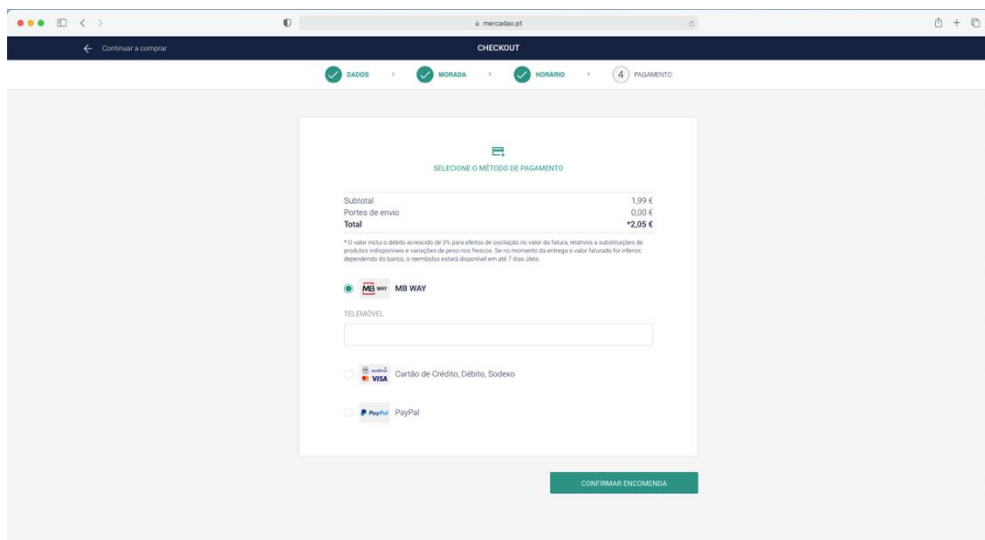
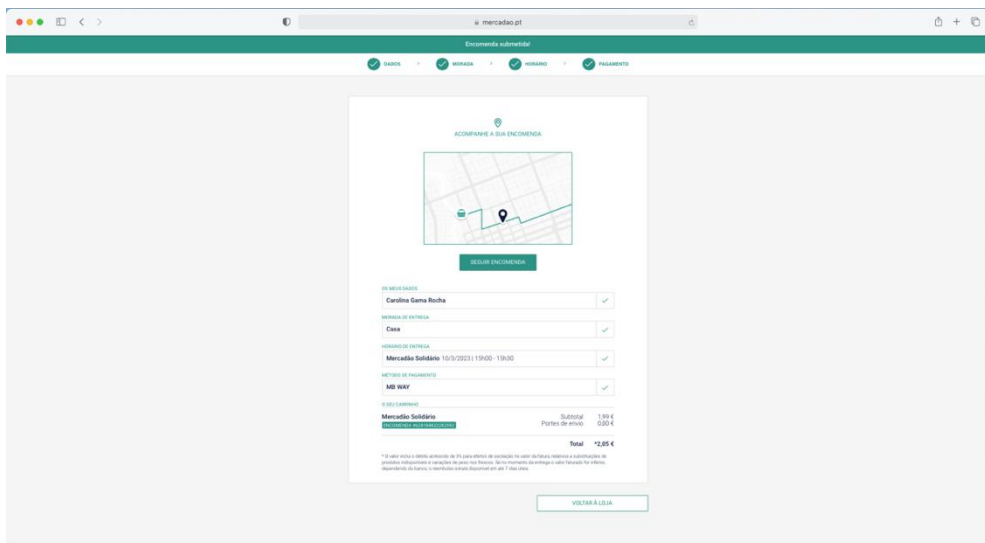
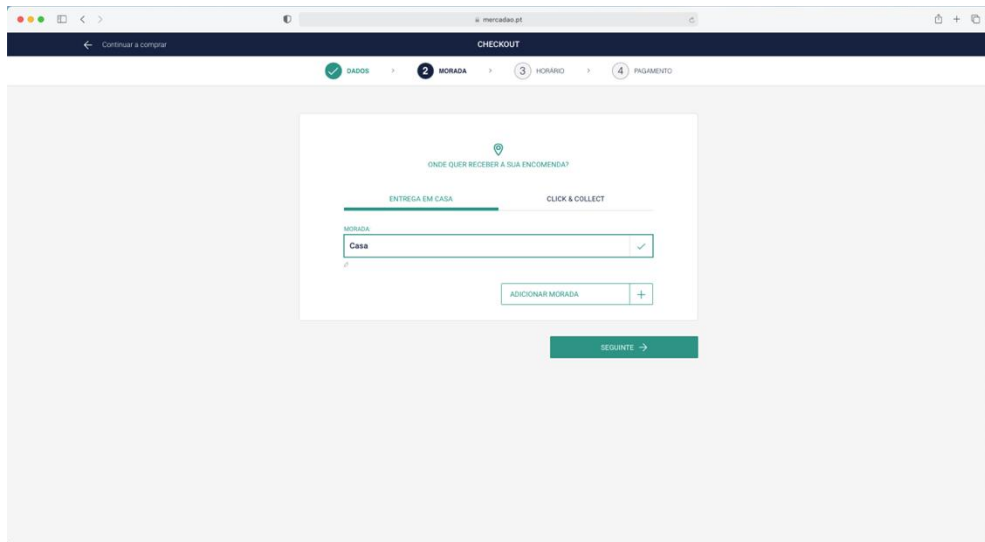
For the Mercadão's community to donate, people need to go to the store of Mercadão Solidário, choose the products they want to donate (minimum value of 1,99€ and free delivery), choose the home address and the time, only as a part of the formalization of the order.

The client needs to choose the home address and the time, even though the order is going to be delivered in the NPO at the date and time already agreed,

because there wasn't any type of development regarding the technology of the website (as it was mentioned previously), so this step stayed the same as in the other stores, within the formalization of the process.

At the end of this process, the client does the payment, which concludes the purchase. As a way of thanking customers for their donation, Mercadão offers a free delivery coupon that the customer receives at the end of the campaign.





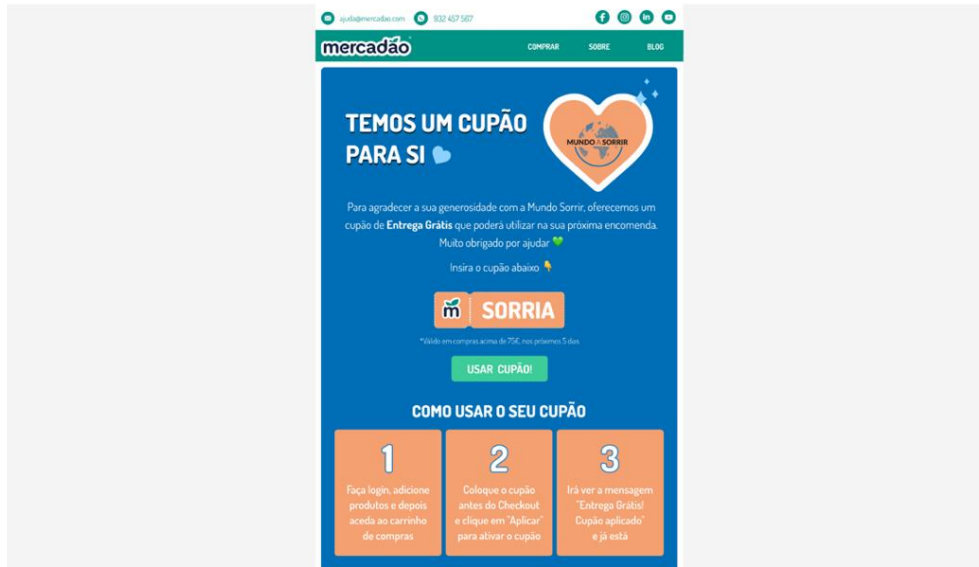


Figure 5 : Donation Process
 Source: Mercadoão (2023) and internal database

3.3. Results

To better understand the results, it is relevant to briefly present the campaigns developed during the period under analysis.



Figure 6 : Mercadoão Solidário's Campaigns during the period April 2021-February 2023
 Source: Own Elaboration

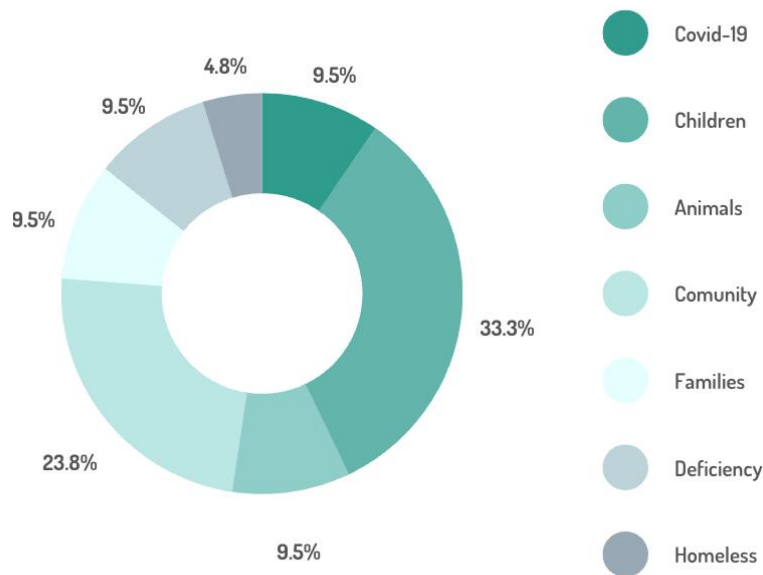


Figure 7 : Sectors that MS's Campaigns helped during the period April 2021-February 2023
 Source: Own Elaboration

In the initial campaign, the target was to hit 200 orders (in the Mercado Solidário store it is call donations) in the first month. The target was not achieved, so the management decided to extend the campaign till May, in order to succeed.

During the first year, in the period from April till August 2021, there was an increase both in the number of donations and products donated. As of September, the campaign numbers decreased. During the last month of 2021 and despite the number of donations being the lowest of the year, it was the third campaign with the highest number of donated products, leading to believe that each donor donated more products per order than in previous campaigns.

Analyzing the sectors that Mercado Solidário supported throughout the first year also reveals that, for the first four months (from April to July), Mercado Solidário supported those who were directly impacted by the pandemic, with the remaining NPOs supporting different types of social causes. An NPO that helped animals was the one that received more products, in 2021.

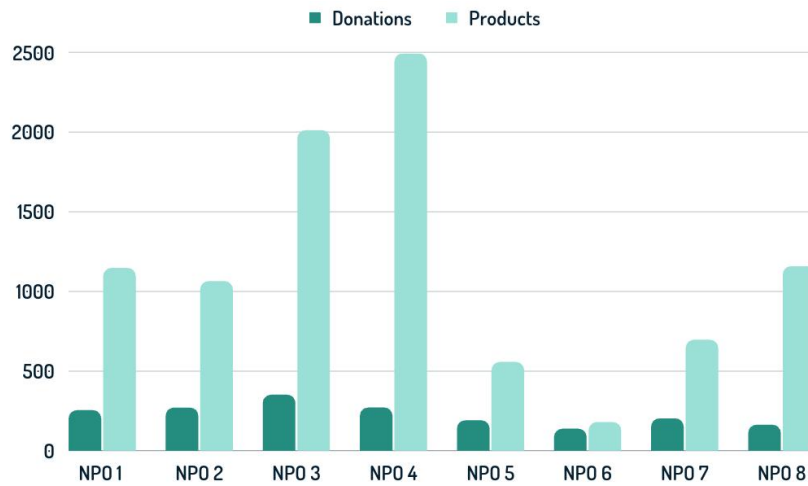


Figure 8 : Number of Donations and Products Donated from MS's Campaigns in 2021
Source: Own Elaboration

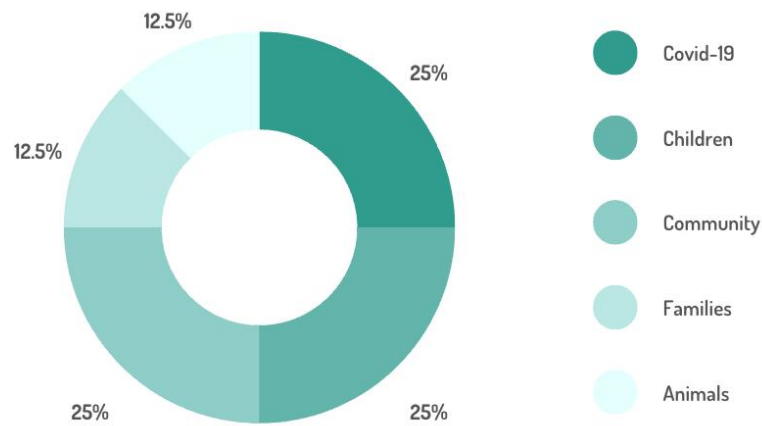


Figure 9 : Sectors that MS's Campaigns helped during 2021
Source: Own Elaboration

In the second year, the donations continued to decline when compared to 2021. The most engaged campaign was the one that helped an endangered community, which occurred during the month of March (NPO 11), suggesting that the Portuguese society is more sensible to donate during humanitarian crisis. Regarding the other months, the number of donations continued to decrease, and the last campaign of the year had the lowest donations. The sector that was most helped was children-related, even though the campaign with the highest number of donations was one related with community.

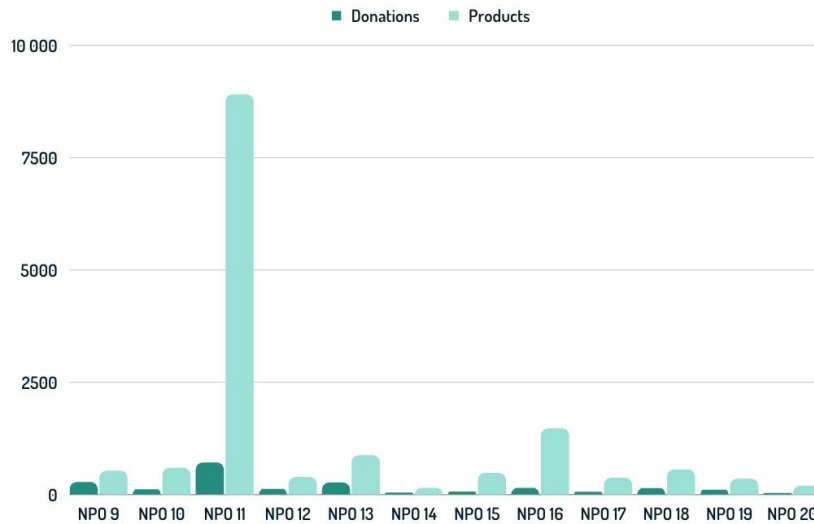


Figure 10 : Number of Donations and Products Donated from MS's Campaigns in 2022
 Source: Own Elaboration

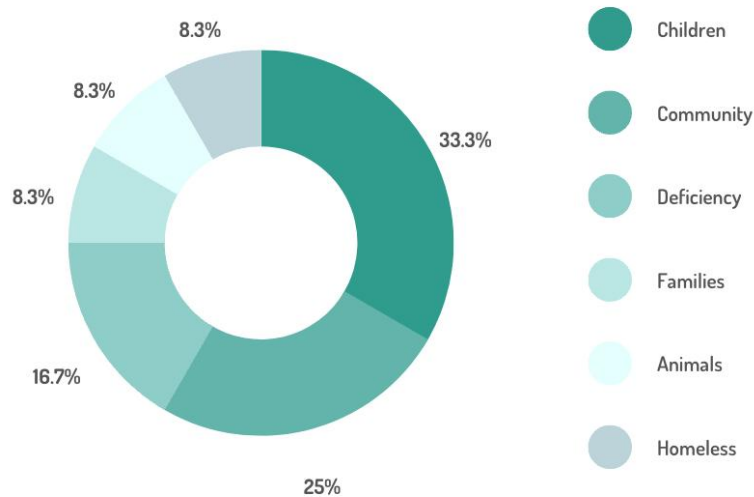


Figure 11 : Sectors that MS's Campaigns helped during 2022
 Source: Own Elaboration

In the first campaign of 2023, the method used around the campaigns changed from the previous year. It was decided that the campaigns would be held for two months instead of one. Despite this change, the first campaign had a lower number of donations concerning what was expected for a two-month campaign.

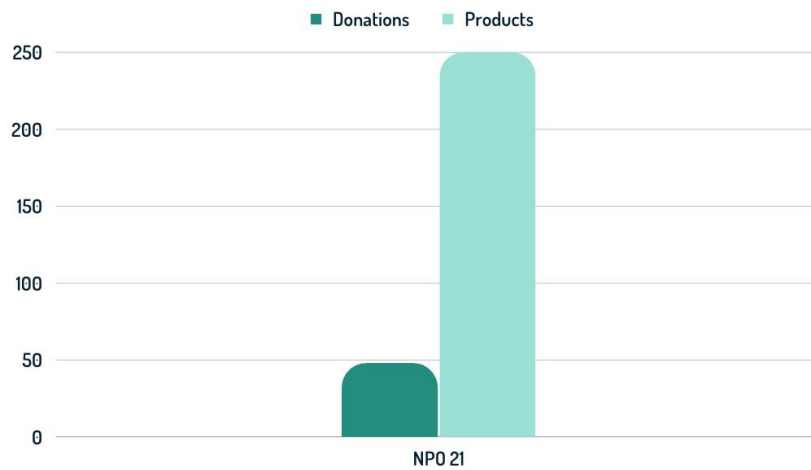


Figure 12 : Number of Donations and Products Donated from MS's Campaign in 2023
Source: Own Elaboration

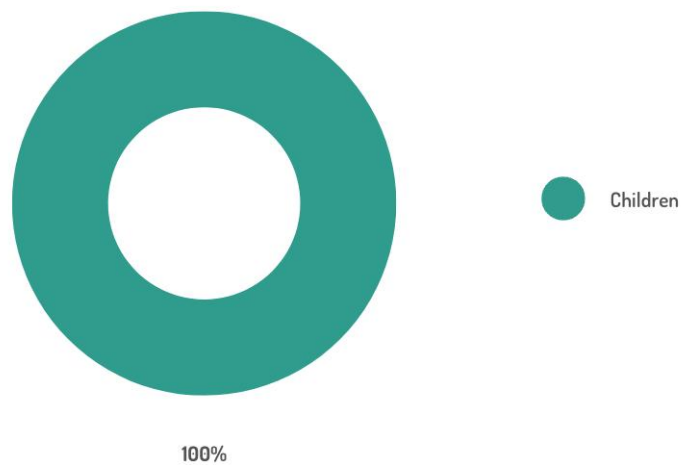


Figure 13 : Sector that MS's Campaign helped during 2023
Source: Own Elaboration

As can be seen above, in the first year the donations were higher. That was probably due to the restrictive covid measures that existed at that time, making people stay longer in their houses and making the family budget increase when compared to the previous years. Also, they were in a post-pandemic era, when it might be that people were more sensitive to solidarity in general. This can also happen since it was a new project, and novelty is usually attractive to customers.

In 2022, as we saw, only in one campaign we were able to see the spirit of the community, as seen in the past. The Portuguese community tend to help when something is in danger. "When there is movement, I think Portugal reacts to its maximum" (Interview, Operations Manager). Beside this, Portuguese also tend

to donate more “when there is media attention, today nobody remembers NPO 11 but when the period began everyone wanted to contribute” (Interview, Head of Operations).

When we analyze the “average ticket” (donated products per number of donations), we see considerable fluctuation from month to month.

Regarding 2021, the “average ticket” of that year was 4.74. We can see two campaigns above the rest when relative to the “average ticket”, which are NPO 4 and NPO 8, related to the months of August and December, as can be verified in figure 14. In August, Mercadão Solidário supported an NPO that helped animals and in December one that helped families. We see another NPO with an “average ticket” above average, NPO 3, which helped children. The other campaigns had residual “average tickets” when compared to the others mentioned above.

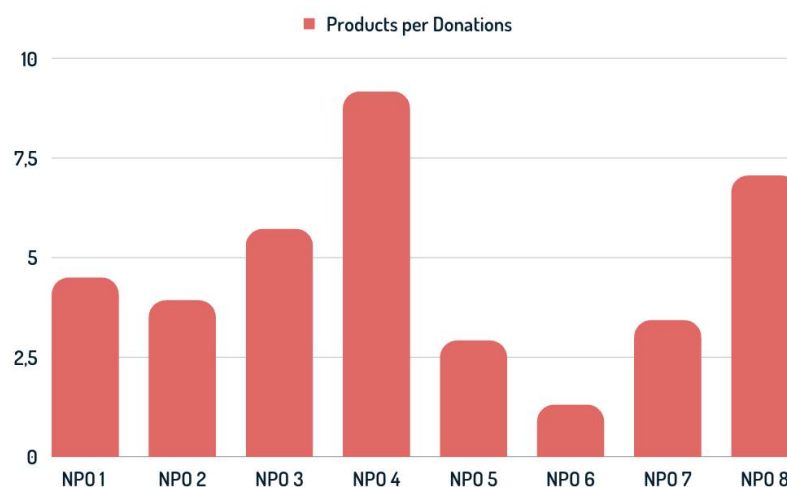


Figure 14 : Average Ticket in 2021
Source: Own Elaboration

In 2022 the NPO with the highest “average ticket” was the one helping the community in danger during the month of March, with an “average ticket” of 12.40. The second with most products donated per donation was also a campaign that helped a community (NPO 16). We see two other campaigns with a good result when analyzing the “average ticket”, that helped animals and homeless people (NPO 15 and NPO 17). The result of the other campaigns was worse,

regarding the number of products donated per donation, when compared to the ones mentioned above, even though we have seen an increase of the annual “average ticket” when compared to the previous year, registering 5.36 in 2022.

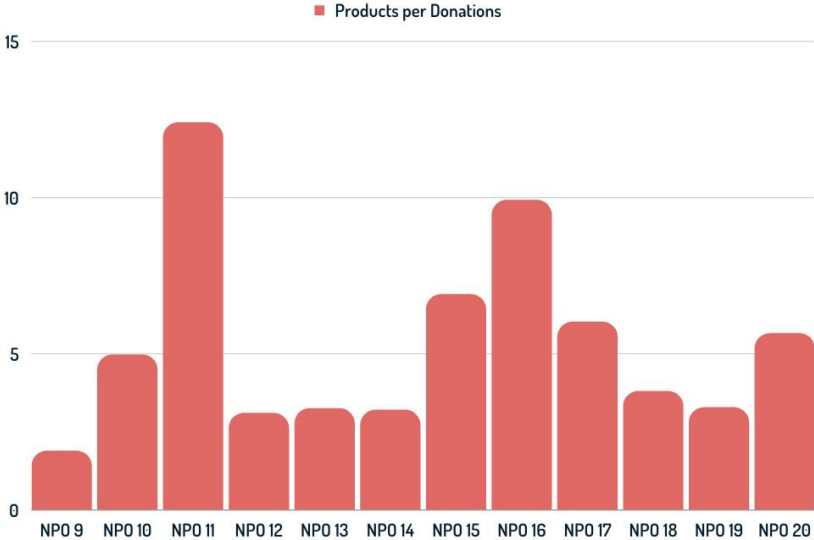


Figure 15 : Average Ticket in 2022
Source: Own Elaboration

The only campaign in 2023 had an “average ticket” of 5.21. Even though the total number of donations was below expectations, because it was a two-month campaign instead of the last ones that were just one month, we see that the “average ticket” is around the average of the previous year, which indicates that the people who donated felt identified with the campaign.

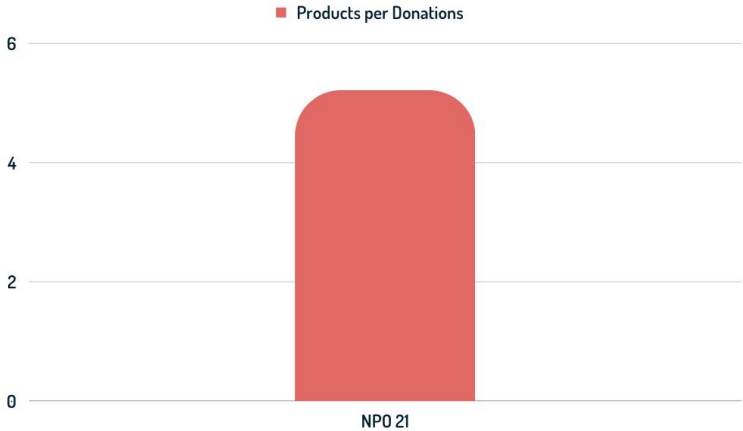


Figure 16 : Average Ticket in 2023
Source: Merc Own Elaboration

As we were able to see that the “average ticket” indicates the commitment that the person donating has to that specific campaign, we can conclude from this analysis that some campaigns are able to engage with the customers better than others.

3.4. Main Difficulties

During the operation of the MS, there were different types of difficulties that the project went through.

At the implementation phase of the project, during the different phases of launching there were some challenges, related to Technological, Marketing and Operational phases.

In the beginning, it was critical to understand how “to create a donation section within our website with little technological resources. Even though it might not be the perfect user experience, the process chosen enables the customer to donate and we didn't have to make any changes in development terms, which was quite good. Our solidary store behaves exactly like any other store on our website. Since we didn't want the customer to accidentally make a mistake and order a product thinking that they were buying for themselves, all images have a stamp saying: “product for donation”, to try to ensure that the customer, when looking at the image, clearly saw that it was for donation, during the checkout process, we had this mention again that effectively the store is only for donations.” (Product Manager, Interview)

At the Marketing phase, as the Product Manager stated in her interview, professionals “ had to make a business communication that the customers understood and felt a part of the project. It is very easy to make a communication saying “Mercadão donated an X % of their profit this year for institutions” in which the client isn't involved in any part of the process. Here we had to make a

communication that would lead the client to action, too” (Product Manager, Interview). The biggest challenge was to understand how Mercadão’s communication would reach the client. Regarding this topic, it was also difficult to have the engagement from the different NPOs, as mentioned during the interview of the Marketing Manager.

In the last phase of implementation of the project, the Operational, there were difficulties regarding two main aspects, namely the relation with Mercadão’s main partner (Pingo Doce) and understanding how to do the first delivery. Regarding Pingo Doce, as the Head of Operations mentioned in her interview, they were “really reticent about this project, we had to communicate that in these orders there was no way we could have stockouts. We have to assure the confidence of the consumer; to communicate that the item purchased to the donation wasn’t available would generate a negative impact to the consumer, it’s crucial to be the more transparent possible.” (Head of Operations, Interview). In the first delivery, Operations Team needed to understand what was the “ideal moment to receive the list from our colleagues, the Project Managers, to allocate the necessary time with the store to carry out the picking and together with the institution, arrange a day for the delivery”, according to the Operations Manager.

Another subject that is a challenge for MS, comes from the NPO’s side, since not all of the NPO have a Marketing Department inside them and because of that it was difficult to align all the details regarding the campaign and since they didn’t advertise that much, the ones that advertise better were “able to have greater numbers of donations” (Marketing Manager, Interview)

Nowadays, the five interviewees all agree that the main challenges that MS has been through are how to innovate the communications with the clients, increase the number of donations, and also, how to deal with the low level of engagement, as much as internal as external.

Chapter 4

Discussion and Challenges

Since the day MS was planned, the project has been through some challenges and curious periods.

The first of all, was regarding Head of Operations' part in the project. She was the one who boosted the project, bringing the subject to the table, making it go live after a short period of time and also nowadays, still one of the most active members of the *Comité Solidário*. Summing this, if it wasn't her probably the project wouldn't exist and wouldn't be as it is today.

Mercadão Solidário initially faced a number of difficulties, including how they could implement a solidarity project without having to make a significant investment and by using the processes that the organization had at its disposal. They were able to do this by creating a solidary store, which signals the imagination and the sense of getting the job done by the *Comité Solidário*. This committee is composed by collaborators that get nothing in return and "offer" working hours to help a good cause and specially people in need, that even though, the project hasn't been having good results, they have been keeping motivated and trying to improve the project. And also, how to successfully advertise the solidarity store to potential customers, despite having limited technological capabilities; how to set up the store, operational wise, and to accept and distribute the donations of products; and how to involve institutional partners in the campaigns.

During all this process of sustaining this initiative of CrM and setting up MS, we found three main limitations: firstly, the lack of commitment and knowledge about *Mercadão Solidário* inside *Mercadão*; secondly, the choice of the causes

supported, which are not the most identifiable among customers; lastly, how to engage costumers in a way to increase the number of donations.

Regarding the first limitation, we can see that not everyone inside Mercadoão feels engaged with the project, or even knows what MS is all about. There is also a lack of commitment due to the fact that there are many collaborators who have never donated. “If each one donated there would be around 75 orders.” (Marketing Manager, Interview). There are three actions that could be implemented in order to overcome this lack of commitment and knowledge. First, it could be suggested that every collaborator, if he wants and has the opportunity, has the chance to help the team of operations in one of their MS deliveries. Second, there should be a bigger and better communication of MS in the internal communication channels like Slack (a messaging app for businesses), for instance. Finally, team leaders should encourage the collaborators to donate and to communicate the solidarity project with their friends and families, by sharing the different posts of Mercadoão in their social media channels.

As to the second limitation, we have seen that the “average ticket” has been very volatile and evolved alongside with the general number of donations. It seems that when customers identify themselves with the NPO’s cause, they donate more, in terms of number of donations offers, and in larger quantities in number of products donated. The recommendation that we are able to make to get the customers involved with the causes is to make them choose the institutions that Mercadoão Solidário is going to help. This can be made through a poll that would be advertised in the different media channels of Mercadoão.

Finally, regarding the need for Mercadoão Solidário to get more and new customers involved with the solidarity project.

If all the customers of Mercadoão donated to MS we would have more than fifty thousand orders per month, as Marketing Manager stated in her interview: “We have around fifty to sixty thousand orders per month and if we are lucky, we manage to make between one hundred and one hundred and fifty donations, so

a very small percentage of our customers donate.”(Marketing Manager, Interview). Also, “many customers choose not to receive our communications and if they do not follow us on social media, this makes hard on us to let the costumers know about Mercado Solidário.” (Head of Content, Interview).

Even though, MS uses as a CrM tool, which is giving a coupon of free delivery in Mercado stores for the ones who donate, that should attract more customers to donate, it seems that through the period analyzed it happen the opposite.

A new type of communication should be implemented in order to make the “noise” needed among Mercado’s actual customers and potential customers, since media channels are passing through a rebranding it should be applied the same for MS and also try to do different types of content, like videos or reels.

To bring more attention, we could try to associate this project with other partners, in a way of having sponsors.

The logic behind this whole solidarity project is that Mercado is doing it because it felt it was the right thing to do, and it does not require an elaborated marketing strategy. But it is crucial to improve the communication of Mercado Solidário, in order to make the project grow. This has to be made in a careful way, because this can easily be seen in a negative way through the eyes of the customers, as we have seen in the literature review.

Chapter 5

Conclusion

This research aimed to answer the following questions:

To what extent can a Cause Related Marketing initiative be sustained within E-Commerce? What are the main challenges regarding its implementation?

Considering the CrM initiative, Mercado Solidário, held at Mercado, we found from the case study that there is much more to do than just having a solidarity project.

To answer the questions that were raised we can divide our answer in two. Regarding the first part of the questions raised, to sustain a Cause-Related Marketing initiative within E-Commerce, it is crucial that the intentions behind these initiatives are perceived as genuine and altruistic. In addition, we have also identified that apart from the implementation phase, the main issue here is regarding the cause of the NPO that is chosen. There have been some NPOs with good interactions and others with bad interactions with the customer, and when analyzing them we found that customers tend to support causes related with endangered communities. Moreover, many profit-oriented companies hold this type of campaigns to improve their notoriety and sales, as we have seen through the literature review. However, implementing this type of campaigns can get companies in a delicate situation regarding their notoriety, because a CrM campaign that is perceived as opportunistic can ruin a company's image through the eyes of its customers. At Mercado, management has protected the company against this problem, through the choice to make in-kind donations. In-kind donations have a better public perception and are seen as less opportunistic. So, to make a CrM campaign sustainable, it is crucial to identify what are the intended perceptions through the eyes of the customers that the company wants,

and to try not to play with this type of perceptions, since there is a fine line separating the altruistic and the opportunistic perception. Finally, to sustain such an initiative in E-Commerce, it is necessary to build engagement, internal and external. To create more engagement, we have suggested to implement some measures to help solve this problem, both inside Mercadoão and also outside the company.

Regarding the second part of the question raised, at Mercadoão there are many challenges regarding Mercadoão Solidário, besides the public perception. It is important to implement internal measures to overcome this challenge and to create the foundations for an increased solidarity interaction. At an external level, the challenges found are much more delicate and have to be solved with caution. There is volatility regarding the number of donations to the chosen NPOs: each one supports a specific cause and some are more popular than others among Mercadoão's actual and potential customers. A well implemented CrM campaign can have a great impact in the goals of a company but it is crucial to convey to the customers that the intentions behind the CrM campaign are not only driven by a sales improvement logic. This is the case behind Mercadoão Solidário, which started with a small group of collaborators trying to help the society during tough times.

In a personal note, while writing this paper I have felt some difficulties, due to the fact that since the start of the internship I became a member of Mercadoão Solidário and since then I've been helping in the management of the project. Because of that, sometimes it became difficult to separate myself from the project and to have the best critical vision regarding MS. Indeed, sometimes I was not able to take a step back and have a clear view of the project and its challenges.

Regarding further studies, I think it would be interesting and important to study other companies besides Mercadoão that also have CrM initiatives, to figure out what is the best way to engage with the customers and internal stakeholders, and to assess if this type of initiatives is improving the company's general

perception, and if by doing so the company is improving its goal – which, in the case of profit-oriented organizations, is to improve sales.

Doing so, one could reach a conclusion of what is the best way to manage CrM initiatives in this type of businesses and improve Mercadão's notoriety and Mercadão Solidário's project.

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Appendix

Appendix 1 – Interview 1: Head of Content

What led to the creation of a solidarity initiative?

This was the Head of Operation's idea, who shared this idea with us during one of our meetings.

She already had some volunteering experiences and thought that Mercadoão could have some impact in this subject. We then started thinking about how to implement this idea.

What were the main motivations for this creation?

The Head of Operations was the main motivator regarding this project, the rest of us never had any experience regarding social causes but we all thought that it made sense to start doing volunteering through Mercadoão.

How was the internal evaluation of these motivations made?

I don't know, the "Comité Solidário" was created to decide the best way to implement and how we should proceed to choose which institution we would contribute, which I wasn't part of until some months ago.

What were the objectives you intended to achieve with this implementation?

We felt the desire to help people with social background less fortunate than ours and since our business provides the tools for us to do so, this made everything easier.

It was also an easy way for the customer to be a part of this project and to help us contribute.

How was the process set up? Can you tell me a little bit about it?

Regarding assortment it was important to make a list of necessities that each institution had.

We decided to request which products each institution felt necessary to contribute to their cause, then we had to see if we had those products in our partner's stores. Lastly, we contacted the institutions with the list of products we had available, then we proceeded with the donation.

How did the idea for the donation method come up? Why it was chosen a method in which the customer donates goods instead of one in which the customer makes a monetary donation or when buying a certain product, a percentage of the sale value is donated.

Technically we didn't have another way to donate, this also had to do with our business model. The donation process is similar to a normal purchase, the customer chooses what he wants to donate and then our shoppers deliver in the designated institution for that month.

What were the main initial challenges?

I don't know but probably at the operational level, the way of getting the customer to know the institution and how to assemble the online store in a way that would be simple to communicate with our customers. Afterward we decided to create a newsletter and to give a voucher to the customers who donated.

And currently, what are the main challenges?

Nowadays, the main challenge is relative to the number of donations. We tried different ways to stimulate the donations, with newsletters, interviews published

in our blog and social networks, but we still feel that the donations regarding this cause should be higher.

What is the downside of being involved in Mercado Solidário?

I don't feel there is a downside, it's really easy to be a part of this project. I would prefer that this project was more successful, but in the other hand we do have some limitations that don't allow us to give that extra step.

We hope that next year this could be different.

Do you feel that the client has joined this initiative?

I think that some customers yes but there is still a huge margin to evolve. I feel that there are a lot of customers that never heard about Mercado Solidário and this isn't due to the lack of communication.

Many customers choose not to receive our communications and if they do not follow us on social media, this makes hard on us to let the costumers know about Mercado Solidário.

I think there are customers that don't receive our communications and there are others that do receive but don't feel connected to the cause, institution or project and choose not to donate.

To what extent do you feel that your creation impacted the Mercado universe?

- **As for the company itself?**
- **Regarding customers?**
- **Regarding collaborators?**
- **Regarding shoppers?**
- **Regarding yourself?**

There isn't a negative side to this project, there is no way that Mercado Solidário can be considered negative, the cause itself can only be positive.

I only feel that this positive impact is still irrelevant and I would like to see it be more relevant. It could be important to think about how to do so, for instance, does everyone know that we have Mercado Solidário? Does every employee know? This is a question that I have in my mind.

It's positive but a "neutral positive", this is the best way can describe this project.

How does this initiative impacts Mercado's reputation?

I would like to say that it impacted more since we are trying to do good. The project simply doesn't have the deserved engagement, in the end, the impact isn't as high as I would want.

Appendix 2 – Interview 2: Head of Operations

What led to the creation of a solidarity initiative?

During Covid me and my son, we've started helping health professionals and volunteers through an association. This was a project implemented mainly by university students. We really felt associated with this cause and a part of this initiative.

Before I had already been a volunteer in some institutions but I haven't been associated with solitary causes for a long time.

One day, during a meeting at Mercado we started talking about how we could implement a solitary initiative on our business. We took some time to figure out the best way of doing this, but then we created the "Mercado Solidário" store and the "Comité Solidário".

We actually did something wrong, we didn't advertise much the cause. This shows that our intentions are purely solidarity but on the other and we don't get as much donations as we could.

What were the main motivations for this creation?

The main motivation was without a doubt to help people in need.

I've always been the most active member of "Comité Solidário" since the beginning. Before we were a small team which enabled us to be more original in our ideas. Due to NPO 1, I got to know some families in need, which is a particular subject that I felt connected to, it used to make me feel bad to see people knocking on the door of our vans asking for food, saying that they had nothing to eat.

Helping people in need was the main motivation, many times, in companies, we have ways of doing so but we don't see them until someone has the idea. This

was what happened at Mercadoão. With a little help from everyone we can make a huge difference in people lives.

How was the internal evaluation of these motivations made?

I don't think there was an evaluation of the motivations that led to this project. We were in a meeting, during Covid we used to have many management meetings, it was in one of them that I suggested to implement a solitary project. It took about a month to start drafting the project.

We cannot say that there was a motivation evaluation, it wasn't that organized, there was a will that made everything easier.

What were the objectives you intended to achieve with this implementation?

To help people in need.

How was the process set up? Can you tell me a little bit about it?

It was a group effort, at the beginning we wanted to work with our suppliers and figure out a way of getting them involved, but we quickly realized that this was going to be difficult. The process was assembled with the help of our Product Manager, I think that me and her where the two main persons involved in this project. Gonçalo Soares da Costa, the CEO, was also a huge help.

We quickly realized that if we didn't want to get extra development costs, we needed to create a store, this was easy for us because we knew the business very well and we found a way of adapting our business to this cause. The main issue here was that we had to deliver a huge quantity of items at the end of the month because each purchase was allocated to a fictional shopper that supposedly would deliver the items to the institution at the end of the month. But with the will that we had to make this project work, it made everything possible.

How did the idea for the donation method came up? Why it was chosen a method in which the customer donates goods instead of one in which the customer makes a monetary donation or when buying a certain product, a percentage of the sale value is donated.

We don't want to give a monetary donation because this isn't the way we want to proceed, we feel that we have to stick to what we know best and Gonçalo explained this very well in his interview. To deliver orders is what we know and we have to stick to it, our goal is to assemble a huge order and deliver it in an institution by the end of the month.

This project had nothing to do with institutional policy like it is the case in other companies. This was only the continuation of what we do best and making it work to help people in need.

Doing it in a legal matter, with the lowest cost possible and giving confidence to the consumer. The client buys the good and the good is delivered to the institution. Basically, the goal was to simplify everything.

In my opinion our process is the simplest from every company I've worked for.

What were the main initial challenges?

I believe it was in the first and second time we did this process. Pingo Doce, our partner, was really reticent about this project, we had to communicate that in these orders there was no way we could have stockouts. We have to assure the confidence of the consumer, to communicate that the item purchased to the donation wasn't available would generate a negative impact to the consumer, it's crucial to be the more transparent possible.

There weren't big difficulties because the process we've implemented is the same that we already used to make the deliveries.

For me the biggest challenge was the first delivery, what was going to happen? Now what? What were we going to do? But it wasn't that difficult, it was more due to the excitement.

I remember when we accomplished the first delivery, it was a huge achievement, a big step and excitement for us.

And currently, what are the main challenges?

The main challenge is regarding the moment everyone is going through, first of all Covid that was active when this project came to life. Secondly, in the period of the NPO 11, people were really sensible to donate during this period, since then we feel that people are no longer sensible to donations.

For me our donation process shouldn't be connected to delivery voucher. For instance, I donate every month and I've never used a single voucher. In my opinion donating shouldn't have something in return.

The most difficult is to get people to donate and to have a good amount of monthly donations.

What is the downside of being involved in Mercado Solidário?

In my opinion there isn't a negative side, I think that with the company growing people are no longer involved as much as before. For me the important aspect is that I still believe and I know that there are still people that believe in this project. "Mercado Solidário" is a good example of what Mercado was in the beginning.

It also defines the culture of Mercado, with little means and little help we can create something that we believe it's big.

Do you feel that the client has joined this initiative?

I don't think so, but I do think it comes and goes. During the period of the NPO 11, it became evident that people wanted to contribute, unfortunately there

are still many other wars nowadays. What I don't understand is that people only want to donate when there is media attention, today nobody remembers NPO 11 but when the period began everyone wanted to contribute.

I don't think the customer is loyal, unfortunately I think people are used to donate but not on daily basis or monthly basis, they only donate in special occasions very much connected to media attention, during Christmas season for example.

To what extent do you feel that your creation impacted the Mercado universe?

- **As for the company itself?**
- **Regarding customers?**
- **Regarding collaborators?**
- **Regarding shoppers?**
- **Regarding yourself?**

Relative to Mercado I think it had little impact, the customers don't have the knowledge they should have about this subject and about this project.

The project itself isn't advertised as much as it should. At Mercado not everyone knows about this project, in my opinion everyone should participate at least once because in the end of the day this makes a huge difference in the lives of some people.

I've already been a part of many solitary initiatives during my professional and personal life, but this project is surely in my top 3 projects. This really represents what I am in my personal and professional life. We've had many team members that have been through tough situations and they always come to me for help, this reveals what we are as a team at Mercado and our relationship.

Regarding the shoppers I think they should be more involved, many shoppers came to us for help but unfortunately, we couldn't help. It would have been difficult to identify which shoppers really needed help and then the operation

itself would be difficult to implement and here at Mercadoão we like to make things simple and this wouldn't be simple at all.

At the end of the day in my opinion Mercadoão Solidário is lacking a marketing plan.

How does this initiative impacts Mercadoão's reputation?

Little or none because we don't do it with that objective. The institutions we work with haven't that big of a universe for us to benefit from donating.

Not long ago an institution that we've worked with was supported by an influencer, they got an incredible notoriety, in the other hand we didn't get any. We need help to get people to know our project, we're failing in this subject.

Appendix 3 – Interview 3: Marketing Manager

What led to the creation of a solidarity initiative?

It was a challenge that Head of Operations made to the team at a general meeting which was to create a solidarity store where every month we would support an institution. The project was immediate success inside Mercado, everyone loved the idea.

Covid had already passed the most critical phase, but solidarity is a daily practice. It was something independent of the pandemic situation in Portugal.

We didn't have to think twice, it was just aligning the idea and seeing what would be the possibilities of implementing this project with the minimal interference on our platform, because technological development was not a possibility. We analyzed what we had and what could be done with it. Then we analyzed how we could get around the technical situations in case of doubts from customers, order schedules, closing orders, how we would do all this. The only change we made on the platform was a warning field in the time definition. It was the only technical thing that was possible to implement in a way that brought less constraints to SAC (Customer Support Service). It was a very simple project, but with a significant impact that we were able to implement in Mercado in record time. In a matter of fifteen, twenty days we already had everything ready on this side and in the meantime, even if we wanted to do this project in the most critical phases of the pandemic, we wouldn't have the human resources to implement this project because they were focused and involved in other areas.

What were the main motivations for this creation?

It's the feeling that we're making a difference in other people's lives, knowing that with the little we do, the impact is already quite significant.

I've always been volunteering and it was very rewarding to combine professional activity with a social cause. Feeling that every month we make a difference in the lives of other people is very rewarding for me.

How was the internal evaluation of these motivations made?

It was so fast, I didn't even have to think about it. The idea was presented when we had the Monday meeting, in this case in the presence of Gonalo and Ricardo, they quickly aligned themselves with this cause too and there was not much to think about or discuss.

What were the objectives you intended to achieve with this implementation?

At the beginning we set the target of two hundred orders per month, that was the number we wanted to reach. The first month we didn't make it, but then I think we did.

That was something I talked about with the Product Manager, we needed to have a number to guide us, to know if we were doing well or not and after that, the goal was always to surpass the previous institution. In some cases, we managed with some ease, others not, everything was influenced by the institution. The type of institution we were supporting and our promotional strategy also had a big influence. If we were in a month with many free deliveries, the number of orders at Mercado Solidário dropped because free delivery has always been a donation incentive that had some impact on sales volume. In more critical situations, where the number of donations was lower, we increased the offer of coupons to two, in a short period or in the last few days to see if we could bring more numbers to the store.

How was the process set up? Can you tell me a little bit about it?

The implementation of the store was divided into three stages: the Marketing and Communications, the Operations and the Technology, we had to involve the Technology department, to adapt some minimal details but it was necessary.

The larger volume was between Marketing and Operations. Marketing because it was necessary to give life to the project. Bench marketing research was carried out, the logo was developed, it was thought to implement the structure of how we were going to communicate, because it's something new.

There were some technical limitations, it changes the customer's buying process, we needed to have more thoughtful communication and more focus in these details. Afterwards, the Customer Support Service (SAC) got involved, they needed to be aligned with Marketing in terms of sharing information with the customer in case of doubts.

Then there was the alignment with the operations team, because quality control was involved in the process, they needed to close the orders to have information on how many donations were made and then how many people should receive an email with the coupon, basically that was it. In Marketing it was me and two interns, the process was much simpler, I designed the strategy, and aligned myself with the designer responsible for the project. Then I aligned myself directly with Mónica, responsible for the Operations team, then she was able to coordinate with the rest of the team.

The part of the coupon offer was very simple, we implemented it 15 days later because my main reference for the solidarity project was iFood, which is delivery company in Latin America, with a business model very similar to ours and they had a very interesting donation project. They already had this dynamic of "Your donation comes back in the form of free delivery". I saw that they advertised this with a certain frequency and I thought that, if they are doing this, it has certainly already worked in another market, so let's test it here. When we launched this donation offer, we felt that there was a more expressive volume of sales, so we decided to always have this offer in the store.

How did the idea for the donation method come up? Why it was chosen a method in which the customer donates goods instead of one in which the customer makes a monetary donation or when buying a certain product, a percentage of the sale value is donated.

Due to technical limitations in the first place, everything that implies technical limitations, hardly advances and then because the market does not react as well to financial donations. When we try to approve projects of this type, we always come against the financial part. Either there's a rule or there's a condition like, to do that we have to inform how much the company invoices, everything that involves disclosing invoicing we need Pingo Doce's authorization. All we need is validation with other departments that are more bureaucratic, such as finance, legal and everything that involves a third party in the case. A validation with Pingo Doce tends to take time and to be rejected. Therefore, it is easier to donate food than money because we also have to justify this to the customer.

What were the main initial challenges?

Technical as always, and then involving the institutions because most institutions don't have a marketing department and don't have enough people involved to work on the communication part of the projects. We've realized that the institutions are oriented in looking for benefactors and not so involved in publicizing the project.

Since this is the area I work in, I believe that if the institutions were much more committed to publicizing the project on their side, we would be able to have greater numbers of donations. As you can see, institutions hardly disclose that when customers donate, they get free delivery. It was quite difficult to align with several institutions the marketing on their side.

If, on our side, we had aligned several things with the institutions 15 days before the opening of Mercado Solidário, we could have gained more time for the production of the material. Many times, we were not able to use the photos

that were sent to us because many are taken with poor quality or children appear in them and we cannot use, causing us to have some lack of material.

At the time of delivery, the operations team is often more focused on making the delivery and not on making, for example, a photo or video record. Making our work a little difficult there.

And currently, what are the main challenges?

I think there's a lot we could do. The model we are applying is very common in my opinion, I think we are doing the same thing every month. The only novelty of the project is the institution that changes and the products that can be donated.

The percentage of donations is very low. For example, we have around fifty to sixty thousand orders per month and if we are lucky, we manage to make between one hundred and one hundred and fifty donations, so a very small percentage of our customers donate.

There is also a lack of engagement from our colleagues. If each one donated there would be around 75 orders. I don't always donate, I donate from time to time, When I identify with an institution or when I see that there are few orders and I try to do my part. But I feel a lack of internal engagement, and then things come from the top to bottom. For example, if we had more department leaders donating, we might have more people feeling identified with the cause.

We could also have partner brands supporting the project. I think the commercial department could think of a way to involve the brands in this project and how we could have sponsors. How we could get Pingo Doce to help. What type of actions we should do to advertise Mercadão Solidário.

We could put Mercadão Solidário flyers on our deliveries. I've also tried to put Mercadão Solidário on invoices and it wasn't approved. Within our website we have some things that are very limited, which makes it difficult to overcome this type of barriers.

In creative terms, we have already started posting an interview with the institution on the blog, but we could advertise it in another way. We could use stories more often, do a live video or put a summary of the solidarity market of the month in the form of a reel or even send a newsletter, for example.

People are very fond of social validation, why not include in the email where we send the coupon, "This month you were responsible for helping that many children", "You joined more than ten thousand people who donated at Mercado Solidário" or "The products more donated were". Moving what's on our landing page to the email to make it more personal and bring relevant information to the customer to feel a part of the community.

I think we could use our reels and stories format more, because it's something that doesn't occupy the feed and it's something we should do more. I think it could have more faces, people like to see the face behind the projects.

What is the downside of being involved in Mercado Solidário?

Negotiating with institutions makes me very tired because I have my expectations always very high, I always start out very excited and then my level of excitement decreases as I see that the institutions are not moving, that affects me.

When I see that an institution is not so engaged, not so committed to advertise this project, that affects me. But I also understand that sometimes the person I'm talking to doesn't understand marketing, they don't have resources or they are involved in other projects and so on. But this is something that impacts me negatively at times.

When I know that the Operations team had difficulties in making a delivery because they felt that the institution was not being grateful, that affects me too.

The negative sides are feeling that gratitude wasn't felt with the donation. We don't expect anything in exchange, we do what is right and that's it, gratitude is

costless. For me, it's something less positive. But I'm talking more personally than professionally.

Do you feel that the client has joined this initiative?

No, the percentage of donations versus the volume of orders we have in a month is not even one percent.

To what extent do you feel that your creation impacted the Mercado universe?

- **As for the company itself?**
- **Regarding customers?**
- **Regarding collaborators?**
- **Regarding shoppers?**
- **Regarding yourself?**

I don't have many conditions to talk about shoppers because I don't have much contact with them. I followed only one delivery and the person who went to make the delivery was an authentic Mercado collaborator, extremely passionate and involved with the company's culture.

With the employees, I feel that the involvement is more concentrated in the people that are inside the Comité Solidário. Even so, I don't feel so much that people outside are very committed, very engaged or shall we say, very concerned.

On a personal level, I really like this cause. I love the charitable component, but I already have the desire, on a professional and personal level, to do other types of social projects. I am a person who constantly likes to do different things. So, Mercado Solidário, let's say, is already my teenage son that I've already left behind and I'd like to develop other social projects. I really like the feeling of getting out of my comfort zone. For example, if we were going to plant trees or if we were to create a vegetable garden for an institution.

For 2023, for example, I'm already thinking about what we are going to do every two months. A new institution means more time for us to work on advertising them. I would advise thinking of other things, we have these weapons to communicate the project, but how could we do more?

How does this initiative impacts Mercadão's reputation?

I think the notoriety impact didn't gain much. We did some initiatives for this, for example during Christmas last year. We did an action with an actor/influencer and it was really good to work with him because he is a very practical person and he did much more than what was accorded. He went to the institution, made several videos, published a lot of them. We took the opportunity to boost that initiative.

When we started the project, we had a media agency that was part of public relations and we managed to get one or two publications in the press, that was very good also, because this type of publication is very difficult to do because it is often seen as publicity.

We have some difficulty getting into some channels because of Pingo Doce, although we are a different company, people associate us a lot with Pingo Doce and think that Mercadão has an investment from Pingo Doce for the media.

We tried to involve some influencers in this project, but then it all came down to costs. I also think that if our collaborators also helped to share it on social networks, we would be able to have more visibility.

We made some publications on LinkedIn and had some engagement. I think that the social network that most manages to engage employees is LinkedIn, for the simple reason that it's a corporate social network.

In general, it's a project where we dedicate very little time, because it's almost like an after-hours project. I think that the little time we dedicate gets us very significant results.

I think we achieved a very expressive result by analyzing the project, we managed to help a lot of people, maybe not as much as we wanted to but it's something that doesn't just depend on us, it depends also on others, it's a project that we need to be proud of.

Appendix 4 – Interview 4: Operations Manager

What led to the creation of a solidarity initiative?

The best person to ask this question is the Head of Operations since the idea came from her. I work directly with the Head of Operations and I know she has a big concern in this matter, this came from her initiative and also with the intention of creating a project that would show the consumer what we are as a company and the people that work in it, and also to improve the notoriety in the eyes of our customers by doing something that differentiated ourselves from our competitors. When Mercadão Solidário was created we didn't have that big of a structure, but alongside with the Head of Operations and other persons inside the company, we started helping some shoppers but without everyone knowing, because many of them had been through some tough times. From this came the idea that we could create a big order and deliver it in an institution.

This made us create something new and differentiate from our competitors, that could generate an impact on people. This is a business made of people and the core of this project came from it.

What were the main motivations for this creation?

The motivations like I've said before is to engage with people in need. Mercadão starts in the people that compose it, this is a business of people, we work from people to people and I think it's exactly this that makes us work. We want to do something differentiative, with little work we can make a difference in the institutions we support and the people that benefit from them. It's also important to show our customers that we are much more than only a Q-Commerce company and to improve our notoriety by doing so to make the brand more known.

How was the internal evaluation of these motivations made?

I've been in this project since the beginning but I don't remember exactly how everything went. I do remember that it was in one of our meetings with Ricardo Monteiro that though it was a great idea and from that point we only had to assemble everything in a way that worked. In general, everyone liked the idea and we had a little help from everybody even outside working hours. This helped us to create the Comité Solidário and everyone that composed it helped a little bit to create this project.

What were the objectives you intended to achieve with this implementation?

Our main goal was to deliver the maximum amount of products to the institution by the end of the month and to make a difference in the lives of people. By doing that, we all ended the month with a feeling of mission accomplished, in my opinion there is nothing more full filling than helping people in need with just a simple gesture. It all came from a service that we already had and enabled us to create something different a social matter.

How was the process set up? Can you tell me a little bit about it?

What I had to do was to make sure that we could create an operation that wouldn't jeopardize the daily work of Mercado, we couldn't have Mercado Solidário's order in front of the other orders. So, what I did was to talk to two stores that we had good relationships with, one in Oporto and one in Lisbon, we couldn't afford to allocate our full resources to Mercado Solidário.

Alongside with the stores, what I do is: send a list of the ordered products, after receiving from the project managers that normally verify every item donated. Then I send this list to the stores and I give them a time to assemble the order, that will be delivered in the end of the month. With this time, they are able to see if they have every product and if they need, they can ask other stores for

missing items. We validate the picking list from the store and make them register the order so that our shopper can deliver all the items to the institution of the month.

It's important the store assumes the responsibility of the picking so that we don't have stockouts in the products to be delivered to the institutions.

Even though it's Mercado Solidário, at the end of the day we have to assure that everything goes to plan with our operations, one thing cannot influence the other.

How did the idea for the donation method come up? Why it was chosen a method in which the customer donates goods instead of one in which the customer makes a monetary donation or when buying a certain product, a percentage of the sale value is donated.

I'm going to answer this question according to my principals, although this decision didn't come from me, I believe that since we are an online store that sells goods, we had to give goods instead of monetary donations.

Personally, I prefer to donate goods that an institution needs and really helps someone instead of a monetary donation that goes to another purpose that I don't feel as connected to.

What were the main initial challenges?

In terms of operations, the biggest challenge, I would say, was to find an ideal moment to receive the list from our colleagues, the Project Managers, to allocate the necessary time with the store to carry out the picking and together with the institution, arrange a day for the delivery. Today it happens in a very simple way, without any entropy, but since it was something new, we had never done it before. Today we don't have any challenge, our concern is to receive the list and together with the store, get as many products as possible, sometimes we have to

replace one for another, but it's not much, we have to arrange a time that is convenient for the institution to receive the order.

Besides, we had a positive challenge when we were helping NPO 11, we had a huge volume of orders and had to rent a van to bring products from Braga, because the stores in Porto really couldn't handle that order.

There was already a huge social movement around NPO 11, we were receiving many requests for purchases from companies. It was beautiful because we ended up getting some members of the structure together to help and it was a moment of sharing, it's a bit the image of what we are as people and that in adversity we are very strong, not only at Mercadão but also the Portuguese people in general are like that. When there is movement, I think Portugal reacts to its maximum.

And currently, what are the main challenges?

Nowadays, the only challenge that we encounter isn't operational, it's because we have little volume of donations. In Portugal we have a strong social component, but there are two factors that influence the lack of donations, firstly the fact that Covid has ended, people are no longer as sensible as before. We've started Mercadão Solidário during the pandemic which was a season when people really felt connected with the cause and made them want to donate. Secondly the fact that we are going through an economic crisis where the inflation is high and that makes harder for people to donate.

I believe that this makes people donate less, I think the challenge is not just operational, it's general. I like to receive lists in where there are many products for donation, it's a sign that we are going to give a lot of value to that institution and we are going to help many people, children, the elderly, people with disabilities, whatever it is, we are going to help and more products we can assemble to help, the better.

What is the downside of being involved in Mercadão Solidário?

For me there is no downside, I am very proud of the path we've walked, of all the people who are part of Mercado Solidário, they give a little more of themselves, they try daily to raise Mercado Solidário too, they try to pass the idea on to more institutions, they try collaborate and help to being able to reach our customers in a different way to give visibility to Mercado Solidário, so I feel proud, I don't think there is anything less positive about the project.

Do you feel that the client has joined this initiative?

Yes, I don't know if we are reaching all customers, I don't know if all customers are able to understand what Mercado Solidário is all about but I feel that we've reached many customers. Indeed, we've had actions and months when we had a lot of orders and donations, nowadays I can't be sure that we are reaching all the customers and if the two reasons I gave earlier are also the reason for the customers to be less receptive to social donations. Some days ago, we had a customer that asked to cancel the donation because he thought that he was going to receive the products and that a part of the value he had purchased was going to be donated to the institution. When he realized that all the products were going to the institution, he asked us to cancel the donation.

To what extent do you feel that your creation impacted the Mercado universe?

- **As for the company itself?**
- **Regarding customers?**
- **Regarding collaborators?**
- **Regarding shoppers?**
- **Regarding yourself?**

For the whole team and even for myself, because I think that my intervention is little relevant considering what Mercado Solidário is all about. I think that those who had the excellent idea, those who helped to idealize the idea, Project

managers, the Customer Experience team, and the Marketing team, were people who were very involved, then the whole Comit  Solid rio remained very positive. I'm just very proud of them, I'm very proud of taking this forward, I've always tried to help with what was within my reach, with great self-conceit in everything that this really represents for Mercad o.

Relative to the shoppers I don't think they have been impacted by Mercad o Solid rio because they have never been involved in the process. I've been involved in the operational side and when it comes to purchase the order and deliver it to the institution it's our coordinators that do the picking and deliver the products, they also take photos with the institution and they really feel connected to the cause. The coordinators are employees that have been working with us for several years and are our eyes and ears on the field, they've done hundreds of deliveries.

For me, it's exactly the same thing. On a personal note, I am very proud of this work.

I think this question is divided into 5, but apart from the coordinators, I think the answer is for everyone, so in terms of the company this has to be seen as something very positive and it was, this was a great achievement for us .

How does this initiative impacts Mercad o's reputation?

I would like to be able to say what my wish was, which was that it really had more impact, because it has potential, the idea has potential and is well achieved.

I think your question a moment ago on the topic of donating goods and not a percentage of the value is a very successful idea, because I think it's a differentiating factor and I think the notoriety is greater. There should be more people talking about this, even in an organic way because I wish we had more notoriety. I know how we could get more notoriety, but we also can't be focusing on Marketing actions to gain more notoriety, this should be organic.

Appendix 5 – Interview 5: Product Manager

What led to the creation of a solidarity initiative?

During the pandemic, we concluded that there were several institutions in need for help and that there were several companies helping them. We felt within Mercadão the need to do something, we didn't know that it would be with the initiative of the people who work at Mercadão. If some people would want to make some kind of donation or if we wanted to do something as a company.

In a weekly team meeting, the Head of Operations, who is very connected to various institutions and various volunteering actions suggested: “since we make supermarket deliveries, we could make supermarket deliveries to institutions”

In this sense, we also involved other Product Manager from the technology department and we began to think how we could manage to create a solution in Mercadão that would allow us to have donations from customers.

Mercadão Solidário started with a big need to help, but without even knowing if we could do it in technological terms or how we were going to do it, it was just a question of having to do something. There was a big humanitarian crisis and there were many people suffering without food. Institutions were going through a complicated phase and therefore we decided to use our resources, our shoppers, who during the time of covid were still in stores, much more than customers and who at that time were essential for many families that didn't have to leave their homes and didn't have to put themselves at risk, they were also our heroes. Taking advantage of the fact that they were in the store and were already delivering to our customers and they could start to deliver to institutions as well.

What were the main motivations for this creation?

The need for help that we clearly saw that existed and that was a daily constant. I think that all people during the pandemic ended up being much more connected to the media.

It was very important for all of us to know what was going on, there were many people who were going through some difficulties and lack of resources, also due to the fact that people were afraid to volunteer. It was a very complicated situation and we realized that we had to do something since we had the resources to do it.

The motivation was to help. We deliver food for basic needs, so we had to find a way to deliver to those to people in need.

How was the internal evaluation of these motivations made?

We were at a time when the adaptation of Mercadão and the departments from Mercadão were being very fast. We were managing to respond much faster than the rest of our competitors and this ended up being transversal, not only to the operation itself, but also the need that we felt and that we actually had no risk. We evaluated the risks and they were very low. We already had shoppers on the street, some of them with a van, so we already have the vans on our side. In fact, it's the customer who makes the donation, we already had made contact with the retailer who would prepare the order for us and our shopper just had to load the van and make the delivery. In terms of risks, the most important thing was to understand the effort in terms of development since sometimes it turns out to be a very high cost, and whether we could do this with the least amount of development possible. We had some limitations here that we managed to overcome and quickly got the project up and running.

What were the objectives you intended to achieve with this implementation?

The objective was undoubtedly to help institutions and people in need.

We started with NPO 1, which was a project that was born in the pandemic. They made deliveries to hospitals, delivering food and helping the doctors, nurses, technicians and assistants who were at that moment saving lives without being able to go home. Then they focused on finding a place for them to sleep without going home and putting their families at risk by infecting them. That touched us a lot, so we wanted to work with NPO 1 right away.

Our goal was to help as many people as possible during the pandemic, that was the big goal, we didn't know how long it would last, the resources that Mercadão had available had to help people in need. The objective was to reach as many institutions as possible and manage to sensitize our customers to make their donation as well. Getting the team to make their donation also through this platform ended up being very receptive. We also tried to get Glovo to join us, so it ended up always being about trying to raise awareness to as many people as possible and collect as much food as we could to help as many institutions as possible.

How was the process set up? Can you tell me a little bit about it?

The assembly of the process was quite simple. First, we realized what our needs were. In terms of development, we needed to understand whether we were going to do something or not, from the moment that was decided we moved on to the second phase which was: we need to open the store.

Therefore, we needed a logo and products and at the same time we had to create a solidarity committee, which was a group of people who would help this project to evolve and would contact the institutions. This Committee bridged the gap between the marketing department, responsible for the communication and the operations department which was going to do the delivery. After the Comit  Solid rio, we brought in one person from each area, because it suited us well at the time. It was important to have someone from Marketing to create the logo and the store. Having created the store, chosen the institution, and contacted

them, we move on to the list of needs, here we introduce the Content Team for them to start creating the range, we realized that it was quite easy. We would just have to choose some products from Pingo Doce, at the time what we wanted to do was to have a cheaper option because normally a customer who likes to donate, doesn't like to donate something very expensive. For example, if we have Mimosa milk, we can have Pingo Doce milk too, that was something we managed throughout the project, figuring out how we could improve the assortment, how we could make the customer feel comfortable donating, if they wanted, they could donate a better-quality product or if they wanted to make a greater donation, but with lower quality products.

How did the idea for the donation method came up? Why it was chosen a method in which the customer donates goods instead of one in which the customer makes a monetary donation or when buying a certain product, a percentage of the sale value is donated.

We didn't want to donate in value at all, because at the time we realized that people needed food, they were afraid to go to supermarkets, several grocery stores were closed, they had difficulty getting food. We also realized that there had been a rush to supermarkets where many products ended up being out of stock. The donation in value crossed our minds, but never to execute, but to understand why it didn't make sense.

The initial objective was always to donate food and very we realized that we would rather be transparent to the customer and give the customer freedom to choose what is being donated, than leave it up to the institution to choose. For a customer who makes an online donation it was important for us to transmit confidence. on top of that, it was very difficult to show exactly what was being donated and so we thought it was an incentive for the customer not to have doubts. For example, I am donating a package of milk, this is my contribution, I know what I'm donating, my donation is completely transparent.

What were the main initial challenges?

I think it was a project that went very well and from the beginning we didn't have many limitations, I don't think we had any big step backs for the project not to move forward.

The initial challenges were, without a doubt, the way we were going to communicate. This was quite important because we had to make a business communication that the customers understood and felt a part of the project. It is very easy to make a communication saying "Mercadão donated an X % of their profit this year for institutions" in which the customer isn't involved in any part of the process. We had to make a communication that would lead the client to get into action too, I think at that time this was the biggest challenge, mainly in terms of reaching the client.

In operational terms regarding the creation of the project and its implementation, I would say that the biggest challenge was the issue of understanding how we managed to create a donation section within our website with little technological resources. Even though it might not be the perfect user experience, the process chosen enables the customer to donate and we didn't have to make any changes in development terms, which was quite good. Our solidarity store behaves exactly like any other store on our website. Since we didn't want the customer to accidentally make a mistake and order a product thinking that they were buying for themselves, all images have a stamp saying: "product for sale for donation", to try to ensure that the customer, when looking at the image clearly saw that it was for donation, during the checkout process, we had this mentioned again that the store is only for donations.

It's a very important for us, we didn't want any customer to go to the solidarity store, which looks the same as the others and has products like the others have, to place an order and then doesn't receive the products ending on a complaint. It happened sometimes, we have order cancellations from customers who thought

it was a store and were buying for them, fortunately this was rare, but that was also an initial challenge, the Content team helped us realize that with a seal we could easily get around this.

And currently, what are the main challenges?

Currently, the biggest challenges are without a doubt getting the message to reach the customer. I would say that the pandemic has passed, in the meantime we had a war, where we had many customers helping by donating, but in the meantime, there comes a time when the same customers won't donate every month and we will have to start to reach a different audience, that becomes a little more difficult which is reflected in the number of donations. It's a difficult management with the institutions as well, since it created an expectation of how the project will be and we want to reach that expectation.

I would say that our biggest challenge now is how to innovate the communication, how to understand, how to reach the customer and how to reach him and instill a sense of action so that he ends up donating. How to innovate for customers who have already donated and want to donate again.

What is the downside of being involved in Mercado Solidário?

I don't think there's any downside, that's obvious. I think there is only one less positive point which could be improved but the truth is that we are a very small company and it's difficult. But I would say that having a person responsible for the social part would undoubtedly make all the difference, because in addition to Mercado Solidário, we could have other ways of getting more involvement with the community, getting more involved with institutions by doing different things, and therefore, I think that the least positive point is not having someone responsible just for that, who already has some know-how in this social area, that would bring a different vision from the one we currently have.

Do you feel that the client has joined this initiative?

Yes, I feel like we've had a lot of customers making donations and it's really nice to see. I feel that there is always resistance from some people to make donations because they prefer to volunteer in person. I also feel that in some way we have lifted the weight of the client a little bit because he has already fulfilled his social responsibility and has already managed to help in a super easy way.

I think it's hard to motivate the customer when he donated more than once, I think we need to innovate the way we communicate the service, maybe even innovate the action itself, change the way we do things and create other projects that are parallel to this.

To what extent do you feel that your creation impacted the Mercado universe?

- **As for the company itself?**
- **Regarding customers?**
- **Regarding collaborators?**
- **Regarding shoppers?**
- **Regarding yourself?**

I think that Mercado Solidário may not seem to have such a huge impact on a day-to-day basis but it actually has a big impact on the company, it's a very good way of getting closer to the community, it's a good way for the institutions to get to know us, and for us to get to know the institutions and to communicate differently than we usually do. Therefore, we were able to engage with the customer in a different way. I think that as a company, the impact that Mercado Solidário had was relevant. I wouldn't say it was extremely relevant, because unfortunately we didn't have the dimension to do so. I think that, obviously it is a solidarity action that helps a lot of people but could be taken to a different level with a greater sense of social responsibility. I would say that it had a very positive

impact and that everyone in Mercadoão knows our action, so I think that as a company it was good in those two areas.

For customers, it's a little bit of what I said earlier, we have a different engagement, they are able to relate to us not only because of our main service, which is the delivery of purchases, but also because of something they believe in. When there are values and motivations that are transmitted by a company and in which the customer believes in and maybe has the same values. It gets much easier to create a connection with the customer. Therefore, I think that this was very important since the customers are allowed to easily fulfill their social responsibility.

As for the collaborators, I have two points. Relative to the people involved in the project it has a very big impact, I think most of us had never been involved with a solidarity institution. We got to know more projects and we were able to effectively help people in need, that was the main point. At the end of the day, we were able to help, we were able to deliver products in a simple way. The truth is that sometimes the little things that each of us do translate into more than 3500 donations from our customers. That undoubtedly has an impact on all of us on the team. When the donation was made to NPO 11, we really wanted to make the delivery in person because of all that was going on, we finally had the opportunity to get down to business, in addition to helping with everything we do, we got together with the people involved in the project itself, helping with the deliver, it was quite rewarding. It's good to be able to pass that on to the team getting a more personal experience to the team that is here in the office with whom we work daily. As for the other collaborators from Mercadoão, many of them have already donated at least once since we started the project. This is very good and important, I think that we could have some more involvement on the part of the Mercadoão team as a whole by doing a solidarity day, something we have already tried to implement but so far without success. Obviously, they see

the results and it has a positive reaction, but it has a more direct impact on the team that is working on the project.

Regarding the shoppers, it's an activity that could be better communicated to our community of shoppers. I think that many of them don't know about the project. However, the shoppers who make the deliveries are without a doubt one of the most impacted by this cause. I have no doubt that it's rewarding and that is a different feeling. Making a delivery of this kind and talking to the people of the institution and getting to know the project. Being on the field and knowing what the result of the donation does, is without a doubt very rewarding for them. It must motivate them a little more for the days they are here. Therefore, I think it had a very positive impact on shoppers who have already delivered.

Regarding me, the project was really important, for the team I think too. I was speaking a little for everyone, but it's a little bit what I feel, when we sit down thinking about what we realized and the impact that this had in the number of families that have already received products and goods that came from donations from the platform that we manage and that we took the initiative to create. It's undoubtedly very rewarding and it's very good to see that the team has come together for this, even though, sometimes it's not easy. Sometimes we do not have enough people, the contact with the institutions is not very easy and we had some difficulties here. I think we all know the value that this project has, although we have the feeling that we could do more but that's also good. It's always a good indicator that we remain ambitious and always wanting to help and give more. But it had a very big impact on me, and a very big impact on the people I worked with because I think that this is just like Team Building within the company, is very important and rewarding. Knowing that I'm doing this alongside people I work with, with whom I enjoy being, creates a sense of community that is different from the one you usually have on a day-to-day basis.

It was a really good opportunity for me. I didn't see this as a normal project, I saw it as Mercado Solidário, Mercado Solidário is Mercado Solidário, Projects are Projects. From the beginning we saw the photographs of the delivery and felt a warm feeling. I think it had a big impact on me and on the way, I am at Mercado. How I like to get involved with Mercado projects, it's good to see, I think the best thing is the impact that it had on me. It was after seeing the continuity that this had and seeing it from the outside, it was really beautiful and funny to be able to see this from a completely external way and I think that's even better, knowing that you started something that you didn't have in the beginning and that afterwards you saw it growing. And if you succeed, you already have a sense that this will continue and that this has a future. It's rewarding, you know it's a project created at Mercado and it's something stable, it wasn't something we did for 2 or 3 months to help because it was a complicated time and we did it because we wanted to, but we did it and we're here with more than 20 institutions helped, this is very rewarding. It really is amazing.

How does this initiative impacts Mercado's reputation?

I think it impacts in a very positive way with a great impact on customers who have already donated. I don't think Mercado's general notoriety has been impacted. The project is not very well known, Without a doubt that it has a huge potential, for example when we talk about Continente, we remember the "Missão Sorriso" and it's something that is very connected to Continente, which makes us connect more to the brand due to the project. It's very important that customers also understand that we want to help. The objective behind Mercado Solidário wasn't to gain notoriety nor because we had to do something regarding social responsibility, that's what I'm prouder of, we started doing this because we wanted to.

The issue about notoriety it's something that we started to think about. We did more communications on LinkedIn and more corporate communication about

this project, but it was long after it started. Our main objective has never been notoriety but without a doubt there is such great potential for this project to be related to Mercadão as a “Missão Sorriso” is associated with a Continente. I think we have a lot to work on and without a doubt this could be a great project to mark people when they think of Mercadão, therefore I think it’s quite positive even though, the objective was not that, but to pass on to customers that we want to help and we have a team that is here to make it happen.