Mercadona's Success: A Triangulated Methods Case Study

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Abstract

This dissertation explores the competitive advantages and market positioning of Mercadona in the Portuguese retail food sector through a triangulated methods approach. This case study has two main research questions: (1) What are Mercadona's main competitive advantages? (2) How is Mercadona positioned and perceived in the Portuguese market from both internal and external perspectives?

To answer these, a triangulated approach was used, combining five interviews with employees, a focus group and a survey of consumers. The findings show that three competitive advantages are recognized by both stakeholders: Private Labels and Prices, Innovation and Logistics and Operational Efficiency. However, the other two advantages emphasized by the employees – Customer as "The Boss" and Investment in People and Training – were not perceived as distinctive by the consumers, identifying a specific gap.

By consumers, Mercadona is viewed as slightly above its competitors, through their innovation, yet it is considered a second choice for specific purchases and products rather than a primary supermarket, something that is not viewed internally by the employees.

Based on this, an Action Plan is proposed with the following improvement areas: (1) accelerate geographical expansion, (2) increase product variety, (3) develop digital and convenience services (App, self-checkout) and (4) align internal and external perspectives regarding service and perception. The study concludes that while Mercadona has strong competitive advantages, there are crucial strategic adjustments to convert this potential into growth in Portugal.

Keywords: Competitive Advantages; Triangulation of Methods; Mercadona

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Resumo

Esta dissertação explora as vantagens competitivas e o posicionamento da Mercadona, no retalho alimentar português, através de uma metodologia de triangulação de métodos, com duas principais questões de investigação: (1) Quais são as principais vantagens competitivas da Mercadona? (2) Como é que a Mercadona está posicionada no mercado português pelas duas perspetivas, interna e externa?

Para responder, foi usada uma metodologia de triangulação de métodos, que combina cinco entrevistas aos funcionários, um grupo focal e um questionário aos consumidores. Os resultados mostram que três, das cinco, vantagens competitivas são reconhecidas por ambos os grupos: Marcas Próprias e Preços; Inovação e Logística e Eficiência Operacional. No entanto, as outras duas, enfatizadas pelos funcionários – O Cliente é o "Chefe" e o Investimento em Pessoas e Formação – não foram reconhecidas como diferenciadores pelos consumidores, identificando um desalinhamento.

Pelos consumidores, a Mercadona é vista de forma positiva e ligeiramente acima dos seus concorrentes, através da sua inovação, mas é considerada uma segunda escolha e destinada apenas a compras de produtos específicos, algo que não é reconhecido internamente pelos funcionários.

Com base nisto, é proposto um Plano de Ação com as seguintes áreas de melhoria: (1) acelerar a expansão geográfica; (2) aumentar a variedade de produtos; (3) desenvolver serviços digitais e de conveniência (aplicação, caixas automáticas) e (4) alinhar perspetivas internas e externas relativamente ao serviço e à perceção. O estudo conclui que, embora a Mercadona tenha fortes vantagens competitivas, existem ajustes estratégicos cruciais para converter este potencial em crescimento em Portugal.

Palavras-chave: Vantagens Competitivas; Triangulação de Métodos; Mercadona

Título: O Sucesso da Mercadona: Caso de Estudo com Triangulação de Métodos

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Acknowledgements

When I first thought about writing a master thesis, I would never imagine it would become such a demanding and complex work. The first task I had was to choose a topic that interested me and, at the same time, was relevant and updated, allowing me to apply all the knowledge I had acquired before. But that was the easy part. Together with my supervisors, I had to find the best way to “create the story”, deciding which topics I was going to focus on, structuring the dissertation, collecting and analyzing data and, hopefully, obtaining some suggestions that could bring innovation and value to this study and Mercadona.

The choice of the Portuguese food retail sector was a combination of my interest in learning more about this area, combined with my understanding of the challenges these companies face in their daily business to maintain their competitive advantages, focusing my study on **Mercadona**, a relatively new player that has proven its potential and capability to grow.

After concluding my dissertation, I can now tell that I was able to apply a lot of important resources and knowledge, I have managed to obtain a lot of important information and give possible suggestions, and, above all, I have learned a lot about case studies and Mercadona.

I would like to express my gratitude to all the people that supported me in this intensive chapter of my life.

Furthermore, I would like to thank my supervisors, Professors: **Isabel Feix, Maria Estarreja** and **Eugeniu Litvinenco**, for embracing this challenge with me, for all the guidance and important advice throughout the process.

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1. Introduction

Food retail market is well known for its intensive competition, marked by technological advancements and continuous changes in customer needs. Mercadona, the focus of this case study, is a Spanish retailer who entered the Portuguese market in 2019 and now represents one of the fastest increases in market share. Despite being still considered a small player, Mercadona has achieved rapid growth and increased market visibility. All of this, combined with my interest in this area, were the main reasons for choosing this topic for my master's dissertation.

The already existing literature on food retail in Portugal focuses either mainly on the historical company progressions, financial performances or on its strategic repositioning. However, few studies examine how different stakeholders perceive the same organizational factors, such as, for example, competitive advantages. This identified gap is vital not only to understand one stakeholder, but any convergences and divergences that might exist between the groups. Consequently, the purpose of this dissertation is to examine Mercadona's competitive advantages through an innovative approach, a triangulated methodological one. This approach combines three data sources: employee interviews, a focus group and a quantitative survey of consumers. This method offers a more reliable evaluation rather than a simpler data source, traditionally used in case studies. As such, the two research questions are:

- (RQ1) What are the main Mercadona's Competitive advantages?
- (RQ2) How is Mercadona positioned and perceived in the Portuguese market from both internal and external perspectives?

To answer these questions, the study starts to review important literature. **For the purposes and clarification of this case study, it is important to distinguish between three connected but distinct concepts: competitive advantage, perceived advantage, and market positioning.** Competitive advantage refers to internal resources and choices made by a company to achieve better performance than its competitors (Barney, 1991). Perceived advantage, on the other hand, is the way this advantage/innovation is perceived by consumers (Rogers, 1962). Finally, market positioning refers to the perceptions, impressions and feelings consumers hold for a company/product compared with their main competitors (Ries et al., 1992).

After the literature, there is a focus on Mercadona, presenting its History, Business Model, among others. The Methodology and Results chapters aim to explain the rationale for choosing the methods, how the data was collected and the main findings. Chapter 5 is the discussion of the findings and presenting the conceptual model, preparing the readers for the Action Plan. The Action Plan was created to address the main improvements to help consolidate Mercadona's position, according to consumers' feedback. The dissertation concludes with a compilation of the results, the contributions and limitations.

This research aims to contribute not only to understanding the importance of having multiple data sources to provide recommendations in a more robust way, but also to providing real improvement areas that Mercadona can use to overcome some of their current challenges.

2. Literature Review

2.1. Competitive Advantages

The definition of competitive advantage available in the literature shows that there is no consensus regarding the sources through which firms can achieve it. The Resource-Based View (RBV), proposed by Barney (1991), associates a company's internal resources (valuable, rare and difficult to imitate) with the main sources of competitive advantage to outperform their competitors. Although useful and studied worldwide, the RBV theory presents limitations, as it is considered generic and assumes that the same logic could be applied in all sectors. Furthermore, its broad definition of resources makes it more difficult for companies to apply the theory in practice, in their daily operations (Priem & Butler, 2001).

Alternatively, Porter (1985) proposed that the achievement of competitive advantages is closely linked to the strategy a company chooses to follow. Among these, firms may focus on minimizing costs or differentiating themselves from the market, describing the strategy adopted as the engine of this achievement.

Other authors, such as Heskett et al. (1994) highlight a new perspective supported by the Service-Profit Chain model, emphasizing service as being the main source of achieving competitive advantages. According to this model, employee satisfaction and service quality are connected and one influences the other, meaning that once employee satisfaction is achieved it is translated into a higher service to consumers. However, this approach has some practical implications upon implementation, as it assumes that satisfied employees will automatically deliver superior service and this will be perceived by consumers, which is not necessarily true, as verified in this case study. This reinforces the importance of distinguishing competitive and perceived advantages. This distinction shifts the focus from internal resources alone to also place more importance on consumer perceptions.

These perspectives suggest that the achievement of competitive advantage is influenced by multiple sources and the lack of consensus highlights the importance of adopting case studies with more complete methodologies, such as triangulation of methods, where researchers can have more information to make recommendations, thus reducing the uncertainty and dependence on literature.

The following sub-chapters present factors that, in recent years, have proven to be relevant potential sources of competitive advantage for companies.

2.2. Private Labels and Price Strategies

For a long time, private labels were seen as secondary and lower quality products, but this has changed gradually with the investment in quality, diversity and package design on these products. These improvements contributed to market repositioning, something that was also observed by consumers and helped shift their perceptions (Kumar et al., 2007). Ezrachi et al. (2009) highlights that the visible growth of private labels has helped to disrupt the market and reduce the dependency on the traditional suppliers, as each player now has the possibility to compete with its own private-label products, strengthening their bargaining power over pricing strategies and vertical integration.

Consumers have also benefited from this change. The growth of private labels increased much more during periods of economic crisis, when consumers' purchasing power was more fragile. Initially, many tried these products as a cheaper option and later decided to maintain these choices even when their purchasing power returned or even increased, as they were positively surprised by the price-quality relationship (Lamey et al., 2012). McKinsey & Company (2025) also confirms this, indicating that 84% of European consumers intend to continue purchasing private-label products even if their purchasing power increases, and 81% perceive their quality as equal or even superior to other well-known brands. Moreover, retailers with an above-average share of private-label products are reported to have 2.8 times greater likelihood of gaining market share than their competitors.

The literature helped to identify a strong connection between the pricing strategy adopted and private label portfolios. Retailers typically use these two most commons strategies: either <u>Promotional</u> or <u>Everyday Low Prices (EDLP</u>). According to Ellickson et al. (2007), "Promotional Pricing focuses on offering discounts on a specific product assortment, while maintaining regular prices on others". The main purpose here is to catch the customer's attention, creating a sense of priority and urgency to buy. On the other hand, "EDLP consists of keeping product prices constant, as low as possible, across a wide selection, to transmit confidence, stability and transparency to consumers".

Opting for each pricing strategy has implications for both the company and consumers. For instance, adopting the EDLP strategy with a strong private-label portfolio can bring advantages for the company, since this strategy usually requires a structure that supports lower inventory costs, higher bargaining power and greater levels of vertical integration, conditions commonly used with strong private-label orientation (Ellickson et al., 2007). This relationship is visible in retailers such as Mercadona, where more than half of its total inventory consists of private label products, justifying the implementation for the EDLP strategy. A gap in the literature is that it divides the two pricing strategies and views them separately, leaving the retailer with only one possible choice of adoption and sticking with it. However, pricing strategies should not be viewed as fixed, but rather as flexible, with companies having the ability to adapt them according to each need, demand and market changes. The literature explored fails to address this flexibility required on the market to adapt more quickly and being able to do that, for example, by adopting hybrid models.

2.3. Innovation

Innovation, in a sector like food retail, has become essential to keep up with all technological advancements and transformations in consumer habits. Schumpeter (1934) disrupts the tendency to associate innovation only with technology, widening the definition for being any economic change (technological or not) capable of changing the way the good are distributed, created or even placed into the market for consumers.

In this sector, innovation can emerge across different sources, such as technology, customer experience, business models, supply chain, others (Grewal et al., 2017). The sector was dominated, initially, by physical stores, but with the appearance and increased adoption of e-commerce and shopping platforms, the customers' bargaining power has changed (Reinartz et al., 2019). This transformation has given more power to consumers, as they now have much more interaction and information, as well as greater automation, enabling them to make a purchase in a few minutes from any place. Competition among retailers is no longer limited to physical formats, but also across all digital channels, whether from the brands themselves or digital marketplace platforms (Reinartz et al., 2019).

These technologies bring advantages to both consumers and retailers, as they gain more autonomy and control in the purchasing process, while retailers can save costs in human capital and reallocate this investment to other areas (Grewal et al., 2017). While investments in technology used to be an optional factor, commonly seen as a plus and secondary, they have become crucial to managing day-to-day operations (McKinsey & Company, 2025).

Bringing innovation into the market is, however, not enough to secure long-term advantages. It requires that these technologies and structures are prepared to adapt, to be dynamic (Teece, 2018). "The term dynamic refers to a firm's capacity to maintain its strategic alignment in a business environment that is constantly changing and innovating", where each of them must "fight" to achieve first-mover advantage (Teece, 2018).

Apart from its importance, most retailers still choose to focus on other assets. This choice has contributed to a change in leadership among major retailers worldwide over the past years (Biggs et al., 2024). Furthermore, despite the rapid transformation process, companies still face obstacles that often prevent innovation from being a priority. One of them is the employee's resistance to change, where companies become stuck with existing processes and resources, leading to greater effort being required for these practices to be adopted (Vial, 2019).

Although recognized as important, there is no consensus if this source is a valid competitive advantage, because for some authors, innovation is often perceived as easy for major competitors to imitate, representing only a short-term competitive advantage. Thus, in these cases, innovation is only seen as necessary to survive in the market (Carr, 2003).

Although extensive, the literature on innovation explores this factor as a driver of transformation but does not explore which innovations generate advantages, being too general and not specific for practical application in companies. Furthermore, it fails to explore how consumers perceive innovation, which is always seen as a necessary and positive investment for companies, and it fails to approach and develop more in detail the costs, disadvantages, efforts and risks needed for each implementation.

2.4. Logistics and Supply Chain

The role of logistics in companies has evolved from a more operational to a strategic level with implications for business decisions over time. Christopher (1998) describes the importance that supply chain management has in creating value for the entire organizational structure, through relationships between suppliers and customers. When managed in the best way, it enables firms to control costs, inventory and resources effectively. Moreover, in unstable and competitive markets, such as food retail, each firm must be prepared to adapt its distribution, demand, lead times, among others, decreasing their dependence on forecasts and reducing the possible risks associated.

McKinsey & Company (2025) has emphasized the role of technology in achieving this. It helps to strengthen logistics by allowing faster prediction, real-time inventory tracking and automation to respond more quickly to market change. These technologies not only benefit companies, but also consumers, contributing to better customer experience through enhanced product availability and service reliability.

Fisher's (1997) framework explains how a company can link their supply chain with their strategy, distinguishing an efficient supply chain, best suited for functional products with predictable demands, focusing on rigorous planning to reduce costs and high inventory levels and a responsive supply chain, more appropriate for innovative products with uncertain demand, more flexibility, and being more prepared to adapt to a market or consumer change.

Another decisive factor in logistics is the choice of its location, which should be treated as a strategic, long-term decision with significant implications for the firm, rather than solely an operational one, influencing the cost structure, service levels and market response (Melo et al., 2009).

The literature on logistics tends to address the importance of supply chains and the benefits they bring for the companies, but it usually pays less attention to other crucial factors such as the impact of these implementations on the final customer, who is not in direct contact with the logistics structure, but is directly influenced by it every day. Therefore, consumers are a stakeholder that is considered when literature addresses topics related to their customer experience, such as products, in-store experience, service, but it fails to address their perception and impact on topics they are not in direct contact with in their shopping experience.

2.5. Customer Orientation

With all the technology and innovation involved, the use of the internet has become an essential part of consumers' lives. Customers are now much more dependent on online advertising and purchasing, reducing their dependence on traditional channels. As a result, they are more selective, demand a higher level of personalization, and consider the opinions of other consumers when buying products. Therefore, it is more difficult for retailers to differentiate and meet customers' expectations (Stephen, 2016).

As such, a customer-centric approach is not just about understanding their needs but having the capacity to align the entire organization with this mindset. This approach cannot be seen only internally by the employees, but needs to be expressed through the company's values, mission, and daily practices, ensuring all departments are aligned with this (Rizky et al., 2025). The Service-Profit Chain model, by Heskett (1994), proves exactly this, where employee satisfaction and investment in higher salaries are directly related to an increase in consumer satisfaction and recognition due to better service and motivation. Thus, organizational success does not depend merely on the traditional features (sector, products), but also on how the employees are managed. Practices such as investment in higher salaries, recognition and reduction of hierarchical barriers are crucial for fostering motivation, contributing to higher performance levels. Investment in employees should be seen then as a strategic initiative to generate long-term results and not as a cost. Despite these benefits, the short-term influence and the inconsistency between stakeholders' priorities lead to a lack of full implementation of this customer-centric approach by most companies (Rizky et al., 2025).

One aspect companies must reflect beyond the literature is that the Service-Profit Chain model assumes that investments in employees will automatically reflect superior service quality and customer satisfaction. However, while investment in human capital is necessary and important, it is fundamental that this internal perception is translated into concrete actions that promote better customer experience and differentiation.

2.6. Previous Case Studies in Food Retail

The complexity of these subjects has resulted in an increase in the amount of research on food retail, mainly from exploratory and qualitative approaches, such as case studies (Gomes et al., 2017).

One example is the case study developed on Lidl, the German supermarket chain, which currently operates in 32 countries globally and was looking to expand its business internationally (Shah, 2025). In this study, two possible target countries (Mexico and Norway) were evaluated to determine which one would be most suitable. The study used Lidl as a single case to explore international expansion strategies, without referring to other competitors in the sector. The research approach was essentially qualitative and comparative, based on secondary data from reports, academic literature, and a comparative PESTEL analysis of the two countries to analyze the political, economic, and environmental contexts of each country (Shah, 2025). The main competitive advantages of the company identified in this Lidl case were its operational and cost efficiency, strong focus on marketing strategies, simplicity, global scale and a business model focused on low prices. The case study helped to understand that Norway would be the best country to invest in, due to its political, economic, technological, and social factors, which are much more advanced when compared to Mexico (Shah, 2025).

Another example is the case study on Pingo Doce, currently the second largest player in food retail in Portugal. It was developed in 2009 and covered the period from 2001-2008, when Pingo Doce implemented its strategic repositioning (Crespo, 2009), to assess the implementation of these changes and measure their financial results. This brand repositioning had the goal of adjusting the company from a premium supermarket to a discount one (Crespo, 2009). As a consequence, its supply chain was also structured to support the premium positioning, with the most central and distinctive factors being the diversity of products in store and the appearance of the stores, something that also had to be adapted with this new repositioning towards a vision more focused on reducing costs as much as possible to be more competitive (Crespo, 2009). To develop the case study, past interviews with the company's managers and internal company data and reports were used as secondary data, such as the annual report. Essentially, this case study evaluates that Pingo Doce had the need to adapt its position in the market from being a premium brand to adopt a cost-oriented positioning. Although this study did not evaluate the entry of Pingo Doce into the market, it evaluates its repositioning, which marked a complete change in the business model, being, as such, a valid example to include in this literature (Crespo, 2009).

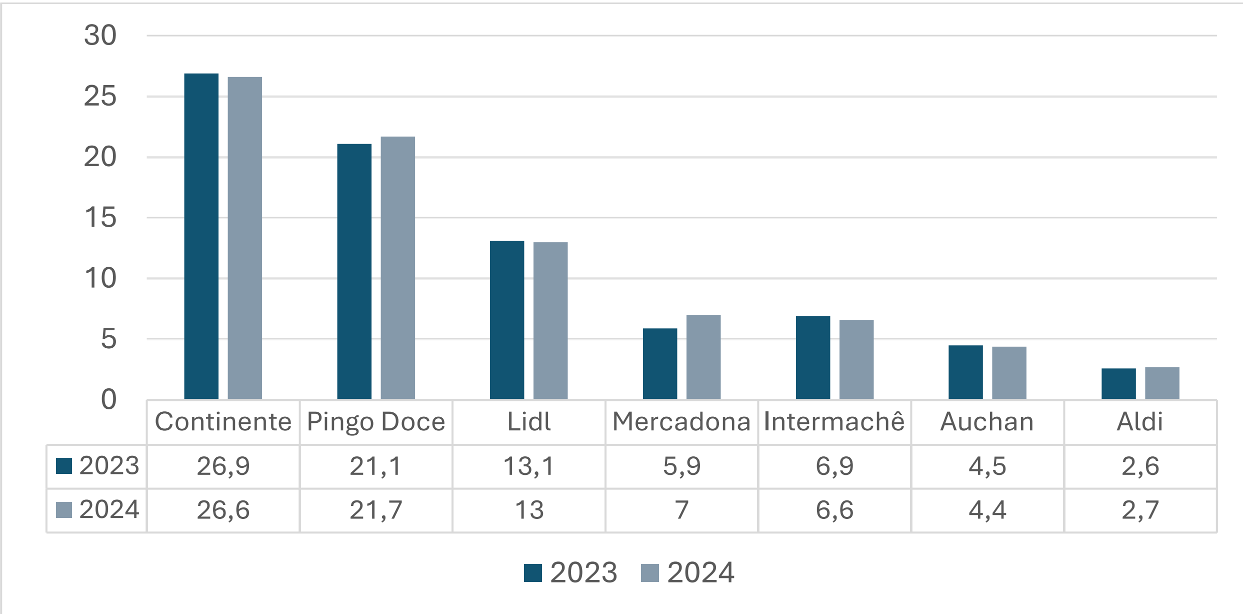
These two case studies explored the identified gap, where there is a tendency to adopt a single perspective or to use data that had already been published for their development, reinforcing the need to adopt innovative and more robust methodologies.

2.7. Portuguese Retail Food

2.7.1. Market and Players

The Portuguese retail food market is highly competitive, and is structured into different store formats (hypermarkets, big supermarkets, small supermarkets and small stores) with different sizes and characteristics to serve the customer needs (Ventura, 2018).

Title: Market Shares in the Portuguese Retail Food Market



Graph 1: Market Shares: Retail Food Market 2023-2024 (Portugal)

Regarding competition, it can be characterized as concentrated/highly concentrated, where the two top players, Continente and Pingo Doce dominate almost 50% of the total market share (International Food Expertise, 2025).

The major disruption identified on the graph has been the increase in Mercadona’s market share from 5.9% to 7% with 50 stores. This player has gained more visibility and intends to continue expanding, with 10 more stores in 2025, including entering Lisbon. Pingo Doce was the second-largest player, increasing its market share by 0.6% in 2024, to have a total of 21.7%, narrowing the gap to the leader Continente, whose market share fell to 26.6% (-0.3%). This graph does not illustrate the acquisition of Minipreço by Auchan, which combined would place them at 6.7%, at the same level as Intermaché. Aldi, despite its efforts and investments, has lowered their market share to less than 3%, which increased the gap between them and the rest of the competition. In the “others” group, are included players with a market share equal or lower than 1.5%, including El Corte Inglês and Leclerc (International Food Expertise, 2025).

2.7.2. Economic Factors

To understand the Portuguese consumer, it is important to have some economic context. Portugal has a total population of 10.7 million people distributed as approximately 48% male and 52% female, where most of the population is between the ages of 25 and 64, with a very high aging index and average life expectancy (Instituto Nacional de Estatística, 2024). The Portuguese population is becoming more educated, with 44.1% already having at least Bachelor's degree, a number that has been steadily increasing in recent years, leading to a more educated and informed population. However, a large percentage of their wages is used for basic expenses, such as rent, household purchases, and transportation. The unemployment rate, although 6.4% in 2024, has been decreasing over the years, increasing the number of active and responsible for their purchases. (PORDATA, 2024).

2.7.3. Purchase Behavior

When it comes to groceries, the Portuguese population use most of its income for basic expenses, tend to prioritize more the costs, when compared the Europeans average, who prioritize taste and food safety more (Medina, 2021). In a way, because of these characteristics, the Portuguese population can be characterized as sensitive to promotions, but are starting to consider also other factors, rather than just opting for products with discounts, opening new opportunities for retailers and suppliers to invest more in innovation and quality. There are also some generational differences in shopping habits. While seniors tend to visit the stores more often and have a lower spending per trip, as they have lifestyles and schedules that allow for greater flexibility and allow more visits, millennials tend to do the opposite, as they are active, with work schedules, and are therefore more efficient on each visit (Ventura, 2018).

2.8. Mercadona

2.8.1. History

Since 1990, Juan and his wife, Hortensia Herrero, have held the majority of the company's capital, and together they hold 80% of the total shares (Cuñado et al., 2019). Mercadona's origins lie in a family business in Valencia, which later expanded into butchery, sausage manufacturing, and food production. Juan José Roig Alfonso, the founder, joined the family business in 1975, Cárnicas Roig Group, where he implemented some innovative practices in the operation such as employee salary increases and advance payments to suppliers. These practices, although considered innovative by the founder, were not seen as the most strategic moves for the company by some family members, creating tensions around major decisions. Roig founded Supermercados 2001 in 1981 and was seeking more independence from his family. Shortly after, he created his own business, these two companies merged, giving rise to Mercadona, the Spanish retail group as it is known today. In 1988, Mercadona's first automated logistics warehouse was opened, becoming the largest distribution chain in Spain (Cuñado et al., 2019; Mercadona, 2025).

Mercadona is currently a consolidated group with 1,674 stores open, the majority in Spain, with 42 new openings in 2024. The company has 110,000 employees, of which 6,000 were new hires in 2024. Mercadona had a total revenue of €38,835 million (in Portugal and Spain) (Mercadona, 2024).

2.8.2. Business Model

Mercadona presents an innovative business model which was created and designed internally, the Total Quality Model.

Title: Total Quality Model

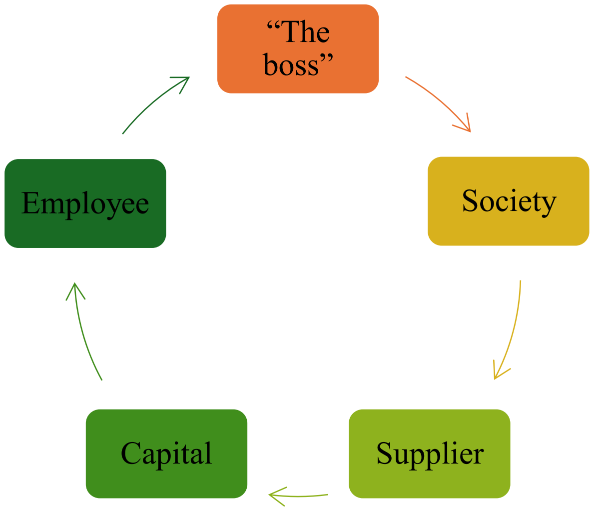


Figure 1: Total Quality Model Source: Mercadona's Annual Report, 2024

The 5 pillars identified in this model are considered the most important aspects of the business. They all need to be satisfied on the same level but must always start with the the customers, which are characterized by the company as "the Bosses". This model is considered innovative by Mercadona because, unlike most models, it does not seek to focus only on profitability, but it aims to account for the decisions of all stakeholders across different dimensions (Mercadona, 2024).

2.8.3. Strategy

Mercadona's strategy always starts with the customers, dedicating time and resources to developing an efficient selection that includes approximately 8,000 best products offered at the lowest possible price. Innovation is another pilar for Mercadona. Today, the company operates in 20 co-innovation centers in Spain and Portugal, dedicated to developing new products and improvements. Mercadona also dedicated almost 20 years developing the Total Quality Model, which is prepared to guarantee three things: (0 defects, risks and crises). Transparency is also a key element when Mercadona promotes its products, highlighting in bold the product labels with font sizes and specific colors to bring more transparency (Mercadona, 2024) The company's pricing policy is known by "Everyday Low Price", presented and defined on the literature.

Private Label is one of Mercadona's most important differentiating factors, as the company prioritizes selling products under its own brands and views this as a unique competitive advantage. These brands include "Haceando" for food, "Bosque Verde" for home care, "Deliplus" for beauty and "Compy" for animal care" (Ventura, 2021). In 2024, their private-label inventory represented approximately 60% of the company's total inventory (Pekic, 2025).

Mercadona aims to be a different player in the market and believes that employees' satisfaction and investment (124 million euros in 2024 alone) are translated into having highly qualified professionals capable of delivering a differentiator and superior service to "the Bosses". This investment is reflected in Mercadona's entry wage being 27% higher than the official minimum wage in Spain and the same applies for Portugal with 23%. Regarding logistics, in 2024 alone, the company strengthened its network with €276 million in investments, such as new centers, like the one in Almeirim, the second logistic center in Portugal, that help to serve stores distribution across the country and prepare for any new open stores that might happen in a near future (Mercadona, 2024)

According to Mercadona, the store's layout plays an important role in customers' experience. In 2017, Mercadona launched its Efficient Store Model and invested €180 million in renovations. This included technology capable of saving 40% of energy, updated store design, new features in various sections. For consumers, some improvements include the renovation and expansion of the fruit and vegetable aisles (products that are in high demand), lighter trolley models and double-glazing entrances (Mercadona, 2017).

Figure 2: Mercadona Store: Inside and Outside

Figure 2: Mercadona Store: Inside and Outside Source: Mercadona.pt (2025)

Gluten-free products are also very important in consumers' dietary choices. Many do so by choice, not because of diagnosed health issues, as they believe that consuming gluten-free products helps them lose weight, improves their diet, or their overall health (Pena, 2017). The European market for gluten-free products will be worth 3.28 billion euros in 2024 (Dean et al., 2024). And Mercadona has kept up with this need, investing heavily in gluten-free products, with a range of more than 750 gluten-free items, identified with an exclusive seal on their packaging, contributing to strengthening their market position, affirming that they are aware of new consumer needs (Mercadona, 2025).

2.8.4. Internationalization into Portugal

Distribution in Portugal is dominated by several operators that, as shown earlier, are already well established and consolidated. These have strong relationships with suppliers and consumers with aggressive marketing strategies. This makes it challenging for any player to enter the market and compete with these conditions (Cabrera, 2025).

Before opening the store in Portugal, Mercadona opened its first co-innovation center, in 2017, to learn about the Portuguese consumers, their behavior, their preferences, to study them and understand what changes were needed in their operation and products, when compared to Spanish consumers, to ensure they were able to enter the market and catch the consumers' attention (Cuñado et al., 2019)

Mercadona opened the first store in 2019 to change the mindset of promotions that competitors are accustomed to and focus on its products based on customer feedback and applying a different strategy, thereby differentiating itself and winning customers (Cabrera, 2025). The first store was opened in Vila Nova de Gaia, in 2019, expanding its network to 60 supermarkets in 2024. Since their entry, the company in Portugal has created more than 7,000 jobs so far and has invested more than €1 billion across store openings and logistic centers (Mercadona, 2025).

The internationalization process came from the need to strengthen their position in the market. The company had the possibility to acquire Esselunga (Italian family business), but Portugal was always one attractive choice due its location, but also due cultural aspects regarding consumer behavior and preferences, without needing to adapt their business model upon this expansion (Pereda, 2023).

During 2025, in Portugal, the company has been investing an additional €157 million and opened 10 new stores, closing the year with 70. Some of the planned locations were in Braga, Leiria, Porto, Setúbal, and Lisbon (two stores). This opening in the city of Lisbon (investment of €18 million) represents an important step in the expansion of the supermarket chain, as it marks the company's arrival in the capital, six years after the start of its expansion (Mercadona, 2025).

2.8.5. Economic Impact in Portugal

Mercadona's entry into Portugal and the investments made since 2019 have contributed to generating several positive impacts in the country. The location of stores in medium-sized cities, for the most part, helps to boost these areas, retain income and human capital, making them more attractive to younger people and reducing their dependence and pressure on moving to larger cities. The stores' turnover in 2022 was around €737 million and had a direct impact on GDP of €120 million. In addition, Mercadona was responsible for creating more than 7,000 so far. The growth of this player also has an impact on suppliers, as the company prioritizes working with trusted, more regional or local suppliers, giving them opportunities to grow their businesses. To do so, these suppliers also must increase their production to meet this increase in demand, which has a direct impact on the entire value chain (Carballo et al., 2022).

3. Methodology

This chapter begins by summarizing the research gap identified in the literature. Subsequently, it details the research design, data collection, data analysis methods and triangulation rule definition and usage.

3.1. Research Gaps and Contributions

The literature revealed that food retail has become a very interesting area for research, but it has predominantly focused on historical trajectories, financial performances or strategic repositioning from a single perspective. As such, a significant gap has been identified, where there is a need to understand how different stakeholders perceive the same organizational realities, such as a company's competitive advantages.

This case study is designed exactly to address this gap. Its core objective is to identify Mercadona's competitive advantages and its market positioning by examining whether the internal intentions and employee strengths align with the external perceptions of consumers. To achieve this, it was developed using a triangulated methods approach.

Triangulation of methods involves combining data from multiple data sources to evaluate the same factor, having more information to provide recommendations (Carter, 2014). This approach allows checking the alignment between the two groups and identifying possible improvement areas.

3.2. Research Design

The data collection consisted of three phases that correspond to the triangulation strategy.

<u>Phase 1: Internal Perspective via Employee Interviews</u>

5 semi-structured interviews were conducted with Mercadona employees from 3 key departments: Operations (Store Operator, Supervisor and Manager); Human Resources (Human Resources Technician) and Logistics (Warehouse Operator). This selection provided insights into the company's values, working methods, relationship with customers and working conditions. Each interview lasted for 15-20 minutes, was conducted in Portuguese, then translated into English and the number of interviews stopped when the thematic saturation was reached. The five employees were intentionally selected to represent the company's main departments, and a criterion was applied requiring management positions to have at least two years of experience to ensure a better response to the questions purposed.

Phase 2: External Perspective via Focus Group

Before the final survey, a focus group was conducted with 8 consumers with different profiles to check the survey's final questions and understand any changes needed before applying to the population. Participants were presented with the competitive advantages highlighted by employees to check convergences and gaps. Despite playing an important role as a pre-test, the focus group also served to generate qualitative insights and contributed to enriching the analysis. For example, the focus group played a key role in identifying that consumers perceived Mercadona as a secondary supermarket used mainly for specific purchases, thus providing valuable insight that would otherwise have gone undiscovered. The sample was selected for convenience with certain criteria: they had to be responsible for their own purchases and have made at least one purchase at a Mercadona, with different profiles to ensure as much qualitative diversity as possible.

Phase 3: External Perspective via Consumer Survey

In the last phase, an online survey was developed on Microsoft Forms to quantitatively test the insights from the focus groups and compare the results. There were three main sections in the survey, with 16 questions: initial filter section, Mercadona's experience and sociodemographic.

Surveys more closely linked to food retail and consumption often use frequency and likert scales to develop some of their questions, to measure attitudes and perceptions regarding a certain topic, food safety and purchasing motivations (Chiciudean, 2019) Besides this, it is also important to include open-ended questions, in the end, as they give customers free space to bring new ideas (Sharma, 2025).

The survey sample consists of $n = 211$ participants. With this sample size, at a 95% confidence level, the approximate margin of error is ~6.8%. However, this margin of error should be interpreted only as an indicative reference used rather than a confidence estimate, given the non-probabilistic sample used. In addition to contributing to data triangulation, the survey also allowed, through open-ended responses, the identification of some areas for improvement, which were subsequently explained in the Action Plan. Although the survey received a high number of responses, it was only shared on social media and with friends and family, meaning that the responses may not be representative of all Mercadona consumers and that there may be some bias created by self-selection. It is therefore mainly used for descriptive patterns and not for representative estimates of the population.

Each of the three phases was designed to complement the others, by exploring first the internal perspectives and then comparing and complementing with the external perspective.

3.3. Data analysis process

The analysis followed a two-phase process. First, the qualitative. This includes interviews and the focus group. A second phase was dedicated to the survey.

The interview analysis followed a thematic coding approach that involved five main steps: (1) full manual transcription of each interview; (2) initial identification of excerpts related to potential competitive advantages; (3) manual construction of each category (advantage) based on these excerpts; (4) use of ChatGPT to submit some selected excerpts to check for previously unidentified patterns and (5) critical comparison of suggestions with the previously developed manual codes.

The excerpts were selected based on the recurrence of responses, relevance, and association with each of the advantages. For example, the statement: “Our private labels don’t exist anywhere else on the market” was first coded as “uniqueness/superior private labels”. This initial code was then grouped into a broader one “Private Labels and Prices”, allowing multiple related sentences to be integrated into the same category. Another example is the sentence: “It’s the little things customers do not notice, but this promotes a higher service when compared to our competitors,” was first coded as “Service details/differentiator” and then incorporated into “Customer is the Boss” category. This process, moving from a more specific to broader themes, was crucial to avoid an excessive and extensive number of categories created and to remain focused on the core objective of this process: to identify the main competitive advantages of Mercadona. The Dictionary, available in the Annexes, helps to illustrate examples used for each of the categories.

It is important to mention that the artificial intelligence platform did not have access to complete interviews; it was used only as support and not as a substitute for analysis, nor did it contribute to the definition of categories, but rather as a complementary way to enrich the analysis.

For the quantitative analysis, all survey responses were exported from Microsoft Forms, including graphs and tables. These results were analyzed manually, interpreting percentages, consumption trends and variables without any use of artificial intelligence.

3.4. Triangulation Rule

After preparing all the data, the final validation had two possible outcomes. A competitive advantage was considered **validated** when there was qualitative convergence between employees (interviews) and consumers (focus group + survey) and, additionally, it was prioritized by at least 30% as their first choice or by at least 50% within their top three choices in the survey. On the other hand, the advantages classified as **internally dominant but externally not recognized** were those strongly highlighted by employees through the interviews but not represented by consumers according to the defined criteria.

This decision follows the idea that a competitive advantage must be simultaneously recognized internally and externally to be considered valid. Each perspective reflects a different dimension of the phenomenon, they complement each other, providing together enough evidence for validation. When the advantage is only identified by one perspective, the evidence is insufficient to classify it as a validated advantage.

The 30% and 50% parameters in the survey were defined to increase academic rigor and triangulation. These two criteria capture two different yet valid forms of relevance for each advantage to be classified. The 30% condition as a first choice reflects explicit priority by a considerable part of the sample. On the other hand, the 50% condition within the top three choices measures consistency, meaning that at least half of the sample considers the advantage important, even if it is not their first choice.

4. Results

The results are organized into sub-chapters, according to each data source used, reflecting the triangulated method approach and aim to present the main findings the main findings.

4.1. Interview Findings

The following table presents the 5 identified competitive advantages.

Table 1: Mercadona's Competitive Advantages: Perspective of Employees

Competitive Advantage:	Insight:
Logistics and Operational Efficiency	Strong logistics that allow quick distribution, full shelves and quality deliveries
Private Labels and Prices	Private labels with a very good quality and prices
People and Investment in Training	High investment in training to create more motivated and informed teams
Focus on Client ("The Boss")	Everything is designed internally to offer a more personalized service and a better shopping experience
Innovation	Mercadona has a capacity to innovate when it comes to its products and services

Table 1 - Mercadona's Competitive Advantage (Internal Perspective)

The interviews reveal that Mercadona's competitive advantages do not operate in isolation. Employees perceive the company and its operating model as an interconnected ecosystem, in which each advantage depends on and reinforces the others.

Logistics and Operational Efficiency emerged as the foundation of the company's value proposition. It ensures product quality and availability in stores and reflects Mercadona's long-term vision, exemplified by the Almeirim warehouse, which supports not only current operations, but also anticipates future expansion.

Logistics and Operational Efficiency is directly linked to Private Labels and Prices presented. Employees directly link these two pillars, as around 60% of the total inventory is composed by their private label products, which is not only seen as a differentiating factor, but also as a lever for the company to have more autonomy to innovate and to be a supermarket that has the products to satisfy all customer needs.

This complete ecosystem is powered by all companies' employees. The fact that all the 5 feel motivated, with attractive salary conditions and that their ideas are welcomed by their superiors, makes them pay more attention and focus on customer service to provide a better one when compared to their competitors. In addition to this, there is an incentive for internal career progression, where they all believe the company is concerned and prioritizes retaining internal talent before going to the external market in search of new talent.

Finally, the competitive advantage of the customer being seen as the boss is what guides the entire system. This focus is visible to employees on everything that is designed by the company to offer a better experience and a more personalized service, putting the customer at the center. And the last competitive advantage identified by employees as being one of the most important: Innovation. All of them mentioned the existence of innovation centers, which serve to develop new products, make improvements to existing ones, and use customer feedback to think about new ideas and differentiate themselves in the market with these products.

In short, this analysis, according to this perspective, suggests that Mercadona's main competitive advantages do not lie in any of the five pillars in isolation, but rather in its ability to interconnect them and create a robust structure capable of responding to all customer needs.

4.2. Focus Group Findings

In the focus group (all available in the Appendices chapter), the eight consumers were asked about the five main competitive advantages identified by employees, to compare the two opinions.

Logistics and Operational Efficiency, in general, was recognized by all consumers, thus cross-reference the two opinions. Person 2, for example, states: “I usually go shopping after work, later in the day, and everything is always tidy, and I always find the shelves full, and I never waste a lot of time in queues, it is always quick.” Person 3, for example, mentions: “I like the fact that it's easy to find products and the shelves are always full,” and person 4: “It's quick and you don't waste much time in the stores because the stores aren't very big, which makes it a lot easier and it is easy to find the products.” This is valued mainly by participants with tighter schedules or family responsibilities, but in general, there is a common consensus about it.

Private Labels and Prices was the most recognized competitive advantage of the entire Focus Group. Person 1, for example, mentions that: “Mercadona has very good private labels and that is undoubtedly a competitive advantage for them.” Or Person 3: “I feel that in many places private labels are associated with lower quality, but Mercadona has managed to break that cycle and offer very good prices for these products.”

A clear pattern emerged through the focus group: For them, Mercadona is not their first choice for monthly shopping, but rather for purchasing specific products, thus resorting to other retailers for other products, as person 5 mentions: “I would say that for big purchases, no, but I feel that it has some very good specific items,“ or person 1: ”I agree that if I need a lot of things, it won't be my first choice." This aspect will also be verified through the survey to determine whether it is a general perception among consumers or a specific case for this group to be checked if it is an area that needs to be highlighted in the Action Plan.

Customer being “The Boss,” which is also directly linked to the competitive advantage of **People and Investment in Training**, revealed some divergent opinions. Some of these consumers recognize efficient and well-done service, but not as a decisive or differentiator factor. For example, person 4 states: “I am well served, but I don't feel it is an extraordinary service, something that makes me go there because of it. I can see the differentiation on the products and efficiency, but not as an exceptional service” Or even person 7: “There is a concern to treat customers well, but I think I also see this in other players, such as Continente and Pingo Doce.” On the other hand, person 6, someone in the older age group, recognizes the service as being differentiator: “I like the way they treat me; they are patient and always available, even to help me understand the labels.”. Thus, these two advantages require additional validation, something verified through the survey, applied to the entire population.

Finally, **Innovation** was perceived by all consumers, but in different dimensions. While some consumers highlighted the products as innovation, through private labels, such as person 7: “It has managed to create very strong private labels, and that is innovation,” other consumers see the company's innovation as being more evident in the store's internal processes and in the way employees are organized in their roles, as person 8 states: “Employees work flexibly according to each store and customer needs, and I think that has to be considered innovation”.

4.3. Survey Findings

4.3.1. Sociodemographic Profile

This case study sample follows the following characteristics. The largest group of respondents are young adults and adults, between 18-27 and 44-59 groups (31% of the sample), followed by the 28-43 (30%) and 60 or older (9%) groups. In this sample, there are a higher representation of females, with 131 women (64%). Almost half of the sample holds a bachelor’s degree (44%), followed by secondary school graduates (23%) and master's degree holders (21%). The least represented groups are those with the most extreme levels of education, doctoral degree holders, with only 1%, and primary education or lower (10%). Almost all samples are currently working (92%), indicating an active segment in the labor market, responsible for their own purchase decisions. Geographically, residents of the Lisbon Metropolitan Area predominate (49%), followed by the Center (22%), North (16%), South (10%), and Azores and Madeira islands with only 3%.

4.3.2. Consumer Habits: Mercadona

Of those surveyed, 71% have made at least one purchase at Mercadona. Among the 29% who have never purchased there, the main reasons were: I don't have a store near me (38%); I think the variety of products is limited (37%); and I have never found products that interest me (18%). These non-buyers are mainly young adults (18-27) and adults (44-59) with higher education, who are well-informed and more demanding (master’s and bachelor’s graduates), residing mainly in the Lisbon Metropolitan Area or in regions where Mercadona has less representation. As a result, consumers end up choosing other competitors, such as Continente (51%), which has greater geographical coverage.

Among buyers, 60% say they shop at Mercadona stores only 1 to 2 times a month, 36% less than once a month, and 0% daily. A cross-tabulation table using age group and purchase frequency has shown that there are no differences across age segments and all groups reported low frequency visits, reinforcing the idea that Mercadona is used mainly as a secondary supermarket regardless of the consumer's age.

The low frequency of visits during the month is directly associated with the lack of proximity: 52% live 21-30 minutes from the nearest store. This factor explains the rating given to the location of Mercadona stores, mostly 3 (reasonable), on a scale of 1 to 5. In contrast, other aspects of Mercadona, such as prices, organization, innovation, and cleanliness received ratings predominantly between 4 and 5. Regarding the importance they attach to being close to the supermarkets where they shop, 76% say they value it highly, highlighting a misalignment between the current location of Mercadona stores and the importance they attach to this attribute. One factor to consider is its current expansion in Portugal during 2025, with 10 new stores, including the opening of one store in the capital, Lisbon, which is helping to reduce this gap.

When purchase frequency data is cross-referenced with Mercadona overall positioning, it can be seen that consumers who visit Mercadona more often have higher satisfaction levels, but even some who visit 1-2 times a month or less consider Mercadona to be above its competitors (59% of the sample), showing that customer satisfaction in Mercadona stores is not directly associated with the frequency of visits, but rather linked to operational variables such as product prices, product innovation, and efficiency in the purchasing process, among others.

A cross-tabulation between gender and the most valued store attributes showed small differences between the two groups. Women in this sample tended to give more importance to attributes related to store organization, and overall shopping comfort and efficiency, while men place much more emphasis solely on price-related attributes. Despite the differences, both groups place great importance on price. These differences suggest that men may focus more to price related variables, while women consider a broader set of variables within their shopping experience.

4.3.3. Competitive Advantages VS Perceived Advantages

Although internally competitive advantages are perceived as equally important and interdependent, however consumers attribute different importance to them (perceived advantages)

To validate whether an advantage was recognized as a differentiator, the previously defined triangulation rule was applied. As such, the table below helps to identify which were validated and which were not.

Table 2: Competitive Advantages (percentage of ranking by consumers on the survey)

Competitive Advantage	1st choice	Up to the 3rd choice
Private Labels and Prices	88%	98%
Logistics and Operational Efficiency	56%	78%
Innovation	45%	86%
Investment in People and Training	6%	18%
Customer being “The Boss”	9%	22%

Table 2 - Competitive Advantages (% of ranking in the survey)

As shown, Private Labels and Prices was the most valued competitive advantage, followed by Innovation and Logistics and Operational Efficiency. In contrast, the two other internally highlighted advantages were ranked much lower by consumers, not meeting the defined criteria, thus not being considered validated. In other words, although consumers recognize efficiency in the purchasing process, restocked shelves, and product availability, when it comes to customer service, despite being well rated, is not recognized as differentiator or better, something that is promoted and defined internally, both by Human Resources, in training, and through Store Managers for all teams.

In the open question at the end of the questionnaire about future improvements (explained more in detail on the Action Plan), the most frequently mentioned improvements were:

- **Geographic expansion/proximity**
- **Increase the variety of products.**
- **Improvements in convenience and additional services (App, self-checkout, among others).**

This triangulation of data allowed us to analyze patterns in which these two groups converge but also diverge. The two stakeholders agree on the advantages that are directly observable in the shopping experience, which are private labels, innovation, and operational efficiency, which may help explain their shared opinion. On the other hand, the differences in the other two advantages are internal efforts, or more difficult to operationalize, which may lead consumers to not recognize them automatically.

5. Discussion

5.1. Conceptual Model

Chapter 4 was dedicated to showing the results and this chapter will discuss them, showing implications and connecting the theory with evidence to prepare the reader to go for the Action Plan on the next chapter. Based on the findings, it was also possible to create a conceptual model that helps to understand where each of the two Research Question is addressed.

Figure 3: Conceptual Model

Figure 3 – Conceptual Model

This conceptual model distinguishes between internally developed Mercadona competitive advantages (captured by interviews) and external perception by customers (captured by focus group and survey). As such, in this model, it is assumed that the theory that supports all the literature is not automatically perceived by consumers, so there is need for Mercadona to make an extra effort to not only develop and maintain their internal advantages, but also making sure they are addressed by consumers. The perceptions consumers get from their advantages will determine company's market positioning and will be reflected in usage patterns and consumer evaluations. Thus, RQ1 is answered by the connection between point A-B and RQ2 is answered by the connection identified between B-C.

5.2. Findings Implications

Table 2 – Key findings: summary

Research Question	Dimension	Validation	Analytical Outcome	Theoretical Link
RQ1	Private Labels and Prices	✓	Validated Competitive Advantage	Interviews, Focus Group and Survey
RQ1	Innovation	✓	Validated Competitive Advantage	Interviews, Focus Group and Survey
RQ1	Logistics and Operational Efficiency	✓	Validated Competitive Advantage	Interviews, Focus Group and Survey
RQ1	Customer Orientation ("The Boss")	✗	Internally dominant but externally not validated	Interviews, Focus Group and Survey
RQ1	Investment in People and Training	✗	Internally dominant but externally not validated	Interviews, Focus Group and Survey
RQ2	Primary VS secondary supermarket	✓	Seen by consumers as non-primary supermarket and a secondary choice	Focus Group and Survey
RQ2	Shopping purpose	✓	Used mainly by consumers for specific products	Focus Group and Survey

Table 3 – Key Findings: Summary

The first research question aims to explore Mercadona's key competitive advantages. The findings show that the competitive advantages validated (Private Labels and Prices; Innovation and Logistics and Operational Efficiency) meet the criteria defined by Barney (1991) to be considered resources capable of generating competitive advantages. Mercadona's private labels are rare, different from the rest of the market, its operational efficiency is difficult to imitate and its continuous innovation for their consumers is unique, valuable and difficult to imitate. As such, the results provide confirmation of Barney's theory in this case study.

The emphasis on Innovation that firms can gain advantages by introducing continuous improvements to reshape expectations, reflected in Schumpeter's definition, appears to be visible and effective on Mercadona's case, where the continuous product and process development appears to be translated into a clear and differentiated perception by consumers, as Mercadona being classified as "slightly above its competitors" by the majority of the sample, supporting the idea that innovation can sustain competitive advantages in competitive markets.

The evolution of private labels from low-cost and secondary choices to strategic assets as highlighted by Kumar (2007) and Ezrachi & Bernitz (2009) is confirmed in this case study, as Mercadona consumers visit their stores primarily to buy specific products, many of which are private label brands, place such a high value on them, which illustrates this shift in consumer preferences and highlights the strategic role these products play in consumer choices nowadays.

The divergence between internal and external perceptions confirms a limitation highlighted in the literature. Although the Service-Profit Chain suggests that investment in employees and internal capabilities translates into better service and higher customer satisfaction, this direct relationship is not visible in this case study. Despite strong investment in training and the strong emphasis on the customer to provide a superior service, these efforts are not recognized as differentiators by the customer in the shopping experience. This discrepancy shows that internal improvements do not guarantee value for the customer, reinforcing the importance that competitive advantages only become validated when they are also recognized by consumers. If they are not recognizing these elements as differentiators, internal efforts in service and people may not strengthen Mercadona's competitive positioning in the way the company is expecting. It also shows that, in this stage of expansion in Portugal the company is right now, consumers remain more influenced and value more other aspects (prices and private labels) rather than the focusing on the service.

It is also evident that Mercadona is perceived as a secondary choice for most consumers, mainly used for specific purchases. Given Mercadona's relatively recent entry into Portugal and its more limited geographic coverage, compared to Continente and Pingo Doce, it is expected that consumers still prioritize these other retailers for most purchases, since the location and proximity of stores to their homes/offices is one of the most valued attributes explored on the survey. This perception is only seen externally, since internally Mercadona is seen as a complete supermarket ready to satisfy all its customers' needs. This also has practical implications for the company. This perception of occasional and secondary visits is reflected in fewer weekly visits, less likelihood of customer loyalty, and purchases of fewer products, which translate into lower spending per visit. Thus, there is great pressure over specific categories of innovative products that set Mercadona differentiation, increasing the risk that if something goes wrong in production or these products are not available in stores, consumers may not go there, making it more difficult for Mercadona to compete with other players as a major retailer, increasing the risk of being stuck in this niche position.

Another important reflection is the contribution this data methodology has made to the creation of insights that would not be possible or would be more limited to a single data source alone. Cross-referencing data from both stakeholders increases its credibility. With only the feedback and insights created by employees in the interviews, the perspective that the five competitive advantages are equally important would persist, and it would not be possible to measure the importance of each competitive advantage externally.

From a theoretical contribution, these findings bring this idea where the competitive advantages in retail do not depend only on internal capabilities and investments made by the companies, but also on how they are translated into consumer perceptions. They also show that, regardless of the level of investment internally in each capability, it will not generate competitive value for the consumer unless it is perceived by them.

These findings reveal a misalignment between Mercadona’s internal strategy and consumer perceptions. These limitations lead to Mercadona being positioned incorrectly in the minds of consumers and indicate that internal investments and employee efforts are not reaching full potential. These insights, together with consumer feedback in the open responses, emphasize the need to develop an Action Plan, described in the next chapter, where these insights are translated into concrete areas for improvement to strengthen Mercadona's position in the market, overcome some of its weaknesses, and mitigate its possible risks.

6. Action Plan

6.1. Areas of Improvement

The following table presents the main areas for improvement. The proposed actions for each of these areas are then developed in the text.

Title: Action Plan: Areas of Improvement

Area of Improvement	Identified Problem	Proposed Action	Expected Impact
Geographical Expansion	Inconvenient location (42% at 21-30 min; 72% place high importance)	Accelerating store openings in strategic areas	Increase visits; Mercadona is no longer secondary
Product Variety	Limited variety (28% of non-buyers and 78% of buyers)	Expand assortment, including other types of brands	Greater attractiveness; reduced perception of limitation
Convenience and additional services	Open questions: online service (App), self-checkout	Implement and communicate digital and physical services to improve the shopping experience	Strengthening competitiveness
Alignment of Perceptions	Misaligned service perception and supermarket purpose	Clear communication, greater focus on initiatives, in addition to those that already exist	Advantage, competitiveness and growth

Table 4 – Action Plan: Areas of Improvement

Geographical expansion has emerged as a critical factor for many consumers not shopping at Mercadona. In several regions, particularly in the south, the Azores, and Madeira, the absence of stores represents an immediate barrier. Even in areas where Mercadona is present, such as the Lisbon Metropolitan Area, many consumers consider its location less convenient than that of some competitors, such as Continente, which is often mentioned.

Although Mercadona is already working on this obstacle, with 10 new openings by the end of 2025, it remains one of the main barriers for choosing not to shop at Mercadona. Therefore, it is proposed to accelerate the expansion process and view location not only as a logistical issue, given the proximity of logistics warehouses, but as a decisive factor for consumers to increase the frequency of visits and make Mercadona a primary choice.

The **limited range of products** was the second biggest barrier identified, mentioned both by customers who shop at Mercadona and those who decide not to. Although they highlight the quality of some specific products, such as cleaning products, bread, and others, they are unsatisfied with the overall variety available, having to use other supermarkets to complete their daily shopping. This can be reinforced by the fact that 0% of respondents mentioned doing their daily shopping at Mercadona.

The open-ended question included suggestions such as improving the wine section, increasing and improving the ready-to-eat meals section, strengthening the fresh produce section, and creating partnerships with regional suppliers. There were also several comparisons with the market leader, Continente, where consumers expressed that they have greater confidence in Continente because they know the brands and products on the shelves, which gives them greater confidence when buying.

C**onvenience** is the third improvement area. Several consumers mentioned the need to adapt the Mercadona app to the Portuguese market, as it is currently only set up for Spanish postal codes, limiting functionality and access to discounts, more product information, and even online ordering, services that are already available from most competitors.

In addition, the absence of automatic checkouts was highlighted, which are increasingly valued for their speed and autonomy. Although this option may reflect a strategic choice by Mercadona, with the aim of providing a more customer-focused service, consumer perception reveals a misalignment between the company's intention and their expectations, since, for some, the lack of checkouts influences convenience and the shopping experience in a negative way.

Finally, **the alignment of perspectives**. Employees mentioned this as one of Mercadona's main pillars, highlighting the company's strong commitment to training and continuous investment. However, this internal differentiation is not fully recognized by consumers, who rate the service as good but not distinctive compared to competitors. In addition, the responses suggest that, in general, service may not be one of the factors most valued by consumers in their shopping experience, who tend to prioritize low prices, speed, and convenience much more. It is therefore necessary to reflect not only on how this investment is communicated externally, but also on its real impact and importance to consumers, ensuring that the defined strategy is aligned with customer priorities. Besides this, another aspect is that employees perceive Mercadona as a primary choice that covers all consumer needs. However, externally it is seen as a secondary choice, more appropriate for buying specific products.

6.2. Timeline

These four proposed areas do not have the same strategic weight in Mercadona's development, nor the same degree of complexity and cost of their implementation. Therefore, the action plan is organized into three phases: short term (up to 1 year); medium term (1-2 years); and long term (more than 2 years). The table below summarizes the different phases.

Table 3 – Action Plan: Timeline

Phase	Timeline	Improvement Areas	Reasoning
1	Up to 1 year	Convenience and additional services. Alignment of perspectives	Actions that can be implemented more quickly and at lower cost, but with a strong impact
2	1-2 years	Product variety	It would involve negotiations with regional suppliers, logistical adjustments, and reformulation of the product range.
3	More than 2 years	Location	Main barrier identified, but also where most progress has been made. It depends on licenses, construction, land, and high investments.

Table 5 - Action Plan: Timeline

In summary, the table shows that convenience and additional services may be the quickest improvements to implement, with lower costs, but can have a direct impact on consumers. Location is the highest priority according to consumers, and although the company is already addressing this, it is also the improvement that is likely to involve the most cost and time. Product variety is incorporated into the medium-term measures and was also one of the top measures. These results prepare the readers for the final conclusions presented in the next chapter.

7. Conclusion

This case study had the main goals to identify Mercadona's competitive advantages in the food retail sector (RQ1) and understand its current market position, according to two different internal and external perspectives (RQ2). This research was developed by a triangulated methodology approach that combined interviews with employees, one focus group with 8 different consumers and a quantitative survey providing a comprehensive and complete view of the company's performance to answer these 2 main questions.

Regarding the first research question, results have shown that it is possible to confirm and validate three out of five competitive advantages: <u>Private Labels and Prices; Innovation and Logistics and Operational Efficiency.</u>

Private Labels and Prices emerged as the most recognized competitive advantage across all groups, Logistics and Operational Efficiency was visible through full shelves, fast purchases processes and well-managed stores. Innovation was perceived through product development and processes. However, two internally perceived advantages: Customer is the "Boss" and Investment in People and Training were not equally recognized by the groups. While the service is well rated, it does not stand out as a key differentiator factor, when compared to other retailers, something that is promoted internally throughout Human Resources and Managers with their teams, creating a gap between internal expectations and external recognition.

The second research question, regarding the positioning, has shown that there are some suggestions for improvement. Internally, Mercadona's products are characterized as being enough and complete to fulfill all the customers' needs. However, the data, from the external perspective, has shown that it is perceived as a secondary supermarket, visited mainly to buy specific products with lower monthly visits. This can be justified, also with the data, by the geographical coverage that Mercadona currently offers and its limited product variety, when compared to other players, such as Continente, according to consumers.

With all this information, an Action Plan was proposed with the following improvement areas: accelerating geographical expansion; product variety expansion; reinforce convenience and digital services (self-checkout, app) and aligning perspectives (regarding customer service and Mercadona's perception). This plan was divided into short-, medium- and long-term priorities to help identify and clarify they do not have the same weight on Mercadona's repositioning neither the same cost nor impact of implementation.

This study has contributed to analyze in depth a fast-growing player in the Portuguese retail market and highlights the importance of combining more that one type of data collection to understand the full picture and how the different stakeholders perceive the same phenomenon. It was also possible to understand some of the challenges these retail food companies face daily, particularly the constant evolution of consumer needs and expectations and, therefore, the need for these companies to continuously adapt to sustain their position and advantages. In addition, the findings reveal that, beyond innovation, convenience and location also play a crucial role in shaping consumer choice and are, therefore, essential dimensions for this company to take into consideration.

This research also demonstrated that people-centered practices and strategies are important and relevant, but they are not automatically perceived by consumers, highlighting the importance in understanding how the information internally developed is then perceived externally by the consumers. Furthermore, the study emphasizes the need for firms to assess which sources of competitive advantage are most valued by consumers, ensuring that their strategic initiatives are aligned with the customer priorities.

Despite all recommendations, this study presents several limitations that must be taken into consideration when developing future research. The biggest challenge was employee recruitment for interviews, as many declined their participation, stating that the company's website already provides the necessary information to conduct this type of study. This restriction may have limited the depth of the qualitative analysis. The focus group and survey, although useful, and the effort to find different profiles, and complementary with the interviews, might not be fully representative of all Mercadona consumer profiles. Additionally, the triangulation used two important stakeholders, but did not incorporate all Mercadona stakeholders, who might have different perspectives and create different insights, such as suppliers or even shareholders. Finally, the research also reflects a specific moment in time and current competitive advantages, meaning they might evolve, and the proposed Action Plan can require some future adjustments. Future work could address these limitations to enrich case studies and contribute to better research. Although all these limitations are visible and true, this approach allowed to has a more complete and diverse type of data, contributing to greater confidence when presenting the challenges and improvement areas.

This thesis shows that understanding Mercadona requires looking beyond what is communicated and developed internally by employees but also focusing on consumers' perceptions and other important dimensions that might have a critical impact on a company's performance.

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Appendices

Appendix 1. Interview: Manager

Date: 10/10/2025

Location: Teams

Participant: Manager (Store)

Duration: Approximately 20 minutes

Interviewer: Good afternoon, my name is Miguel Ferreira and first, I would like to thank you for accepting my invitation to be here today. The purpose of this conversation is to understand the main competitive advantages of Mercadona, in your opinion, as Manager of a key area of this company, which is operations, but also to explore some topics such as: employee experience, vision, culture and values, human resources, company strategy, business model, operations and efficiency, customer experience in Mercadona stores, sustainability, and also to explore a little the prospects for the future and the sustainability of Mercadona's competitive advantages. Before we begin, as I mentioned earlier, I would just like to inform you that all responses will be treated confidentially. Your participation is voluntary and confidential, so you will not be identified by name, only by your position in the company, and for transcription purposes, you will be referred to as Manager 1.

Manager 1: Hello, Miguel, good afternoon! First of all, let's address each other informally, so that the conversation is easier and more relaxed for both of us. Thank you for the invitation. I want to say that I find the development of this type of studies very interesting, and if we are going to talk about this incredible company, Mercadona, let's get started!

Interviewer: Great! Okay, maybe we can start by breaking the ice a little. Could you briefly tell me about your career at Mercadona and talk a little about your current role?

Manager 1: Yes, Miguel. So, I joined the company about six years ago and had already worked in other supermarket chains. When I joined Mercadona, I started as a store supervisor and worked my way up to my current position as manager. In short, a manager is responsible for coordinating the entire store team and all daily operations. I also analyze sales and performance, which is the most challenging part of my job, where I also have to ensure that food quality and safety standards are met. It is a very comprehensive and dynamic role, and I also do some human resources management within the store, ensuring that the team is complete, monitoring the training of new employees on our team, and conducting some training on customer service, among other things. I really enjoy being part of these dynamics so that I am always up to date and able to do my job in the best way possible.

Interviewer: Interesting, it seems to be a very comprehensive and dynamic role that involves managing and supervising several people and processes. When you mention that you are responsible for supervision and food safety, what does that involve and what precautions does your role require?

Manager 1: When I mention food safety, I mean that, in my day-to-day work, I check that all products are stored correctly, from temperature to clean shelves. We organize the products and check the expiration dates of all food items to minimize having expired products on our shelves because, as you know, the customer is the most important part of our business. In addition, if necessary, I also make rounds through the store to ensure that the team follows procedures. If anyone has any questions, we organize ourselves and do a quick training session when time allows.

Interviewer: It's very interesting to see this daily care, and you mentioned something very interesting about the customer being the most important thing, but we will have time to get to that later. Regarding the company's values, what do you consider to be the most important values of the company?

Manager 1: For me, and I think I can speak for many of my colleagues, the most important values of this company are: <u>customer focus, the quality of both our products and service, efficiency, and teamwork</u>, which allows us to sustain this fantastic structure we have. What does this mean in practice? It means that we have to ensure that products are always fresh and available to our customers, that the store is clean and organized, and that all employees know what to do to guarantee this comprehensive service. I believe that these values guide all our decisions, Miguel, from the way we organize store operations to how we deal with different suppliers and our customers' experience itself.

Interviewer: Very interesting, thank you for sharing. And now, picking up on what you said earlier, what does the idea that the customer is “the boss,” the center of the business, mean to you?

Manager 1: At Mercadona, we use the expression “the customer is the boss” a lot, and that's exactly what we try to convey in our service, ensuring that all the decisions we make are in line with this principle. What is most important to the customer, Miguel? Ensuring that they arrive at the stores and find fresh products and well-stocked shelves, with products organized and available for purchase. Beyond that, it also means receiving feedback from them and doing something with it, because if we receive feedback from them and do something with it, we will not be able to improve and we train our people to have have a differentiator service. We even have the opportunity to send some suggestions for things we think could be improved in the store, which may or may not be approved, but which ultimately provide an opportunity for us to improve. Why do you ask the stores for this feedback? Because we are the ones who are in direct contact with customers.

Interviewer: It's good to feel that they do something with feedback and don't just ignore it, so that they can improve. Unfortunately, this is something that you don't see in many companies nowadays. And here in terms of working conditions and aspects? What do you think are the aspects that make this company stand out in comparison with other companies in the sector?

Manager 1: At Mercadona, I feel that the most notable aspects are the ongoing training we receive, the clarity of our roles, and the good working conditions in terms of salary, when compared to other companies in the sector in similar positions that I have held. In addition, I feel that regardless of the position you hold in the company, your opinion matters. Of course, you have to follow guidelines and specific ways of doing things, but you have the autonomy to make decisions and grow if you want to. At least, that's what I always try to tell my team.

Interviewer: This ends up being a way for people to feel motivated, knowing that regardless of the position they hold, they have responsibility and autonomy. I am glad to hear that! We have already talked a little bit about this issue, but do you think there are real opportunities for internal career progression within the company?

Manager 1: Of course, Miguel! As I was saying earlier, at Mercadona there is a strong incentive to retain talent and promote internally, because these people already know the essence of the business and it ends up being much easier when we promote someone internally and increase that person's responsibilities. In addition, employees know that this internal incentive exists, which makes them work harder to seize these opportunities.

Interviewer: Yes, yes I definitely agree. As an employee, I want to feel that I am in a company that values my work and opens doors for me to grow internally. And here in terms of logistics and operations, what do you think makes Mercadona work differently from other supermarkets?

Manager 1: That's an interesting question, Miguel! As you probably know, now that you are doing this study on the company, we have two logistics centers in Portugal, one in Almeirim, which is our largest logistics center, supplying all our stores in the central and southern regions, and we have our center in Póvoa do Varzim, which mainly serves the north of the country, including Porto and the surrounding area. These regional logistics centers allow us to have an integrated and centralized distribution model because, through them, we can receive products directly from suppliers and then later send them to our stores, thus ensuring that each store receives what it needs, minimizing transportation costs and ensuring that stock is always up to date and corresponds to what the store actually needs. In addition to this, we try our best to work with reliable suppliers and already have a good relationship with many of them. Internally, there is something else that I think is quite relevant, which is the fact that we use internal systems that help us predict consumption we need in our stores and our stores are designed to have a quick shopping experience. In addition to all this, I don't know if you know, Miguel, but each logistics center and store follows standardized processes for each type of product, which allows us to evaluate the reception, storage, and display of products. This complex and well-integrated logistics network allows us, as a company, to always have the quantity of products we need, fresh and available in our stores, and to track them very quickly if necessary. I don't know if I have explained myself too much or strayed a little from the question, but as Manager, this is my view of how things work. Oh, and I almost forgot, but the fact that a large part of our product range is our own brand allows us to control quality and innovation more independently and with our products, we believe that we have all the products to satisfy the customer needs, we want to be the best.

Interviewer: Thank you very much, and yes, you explained and touched on exactly the points I wanted to cover. I already had an idea of what the company's supply chain was like, but it's good to compare perspectives when we have the opportunity to talk to employees who hold management positions in the company. This question may seem a little more general, but in your opinion, what are Mercadona's main competitive advantages?

Manager 1: Sure, Miguel. I think I have already touched on some of them, but I will summarize. So, in my opinion, the main competitive advantages of this company are: customer focus; the quality and freshness of our products; the fact that a large part of our inventory is our own brands which allow us to control quality and innovation more independently.

Interviewer: Great, thank you for sharing, I am learning a lot from this conversation, thank you for sharing so far. Moving on, if you don't mind, to the commercial side, related to pricing policy. That is, tell me a little about Mercadona's "Everyday Low Prices" pricing policy and what is your opinion on it?

Manager 1: Yes, Miguel, our pricing policy, as you mentioned, is a way for us to try to gain the trust of our customers and, at the same time, differentiate ourselves from our competitors. As you know, most of our competitors set a price for a certain product and then invest heavily in specific promotions to make their prices more attractive. Well, in my opinion, we can see things from another perspective, in which the consumer does not trust what they are seeing because today the price may be 10% cheaper and tomorrow it may be 20% more expensive. What we want is to offer low product prices whenever possible, and that is why we try to differentiate ourselves a little from other supermarkets in this way. In addition, I don't know if you know, Miguel, but we, as a company, make periodic adjustments to the prices of our products, so that we are constantly trying to lower our prices further and make them more competitive. This pricing strategy, combined with our own brand products, allows us to compete effectively in the market, offering good value for money.

Interviewer: Yes, absolutely, I completely agree with you, and even as a consumer, I think it is a way to build trust in the brand and its products. Well, we are now entering the final stage of our interview, and once again, thank you for sharing your thoughts with me so far. It has been very insightful, and I have gained a lot of valuable insights to use in my project, and I want to thank you for that. Speaking a little about the future, which is also quite important, I would like to ask for your opinion on whether you think the company's competitive advantages will be sustainable in the long term? And do you think some adjustments should be made?

Manager 1: You are welcome, Miguel. Thank you, and I can tell you that I'm really enjoying our conversation. You touched on a very important point, which is the future, because, yes, I believe that we (Mercadona) have competitive advantages that allow us to grow to the extent that we are growing, but that does not guarantee us that position in the future, so we always have to anticipate things and be prepared for the future. For the future, I would say that ours, and in fact that of all our competitors, is to keep up with new trends and changing consumer habits, as well as a greater focus on environmental sustainability. As you know, and you probably know better than I do, consumers are always changing their minds about everything, and what is fantastic today may not be suitable tomorrow, which means that business models must be flexible enough to adapt to these rapid and continuous changes. On the other hand, despite all the efforts, we already have many initiatives related to sustainability, such as replacing plastics in packaging and even store models that are already designed to be more sustainable, but there is still a long way to go, so yes, I think these are the two major challenges, at least in the short term.

Interviewer: Without a doubt, I agree 100%, and the truth is that it is very easy to create new trends nowadays, and businesses have to be prepared to adapt to these changes and react immediately, or at least as quickly as possible.

Manager 1: Yes, Miguel, because ultimately, whoever reacts first is the one who gains the competitive advantage we all want to capture, right?

Interviewer: Yes, right. And now to conclude, with our last question, how do you think Mercadona will be in 5 years?

Manager 1: Good question, Miguel, in 5 years, I hope we will continue to grow, opening more stores and always learning from our customers. I think that in terms of focus and essence, these will remain the same (quality, price, customer), but with more and more technology and innovation supporting our daily challenges and making our work easier and better.

Interviewer: Absolutely. Well, I want to thank you for your time and availability. Our interview is over. Thank you once again for all the insights and tips, I really enjoyed this opportunity. Thank you.

Manager 1: Miguel, thank you. I really enjoyed this little chat and I hope I have contributed positively to your work. Thank you.

Interviewer: Thank you!

Appendix 2. Interview: Warehouse Operator

Date: 12/10/2025

Location: Teams

Participant: Warehouse Operator

Duration: Approximately 15 minutes

Interviewer: Good afternoon, my name is Miguel Ferreira and first, I would like to thank you for accepting my invitation to be here today. The purpose of this conversation is to understand the main competitive advantages of Mercadona, in your opinion, as a warehouse operator that belongs to the logistics department of this company, a key area, but also to explore some topics such as: employee experience, vision, culture and values, logistics and operations, company strategy, business model, customer experience in Mercadona and also to explore a little the prospects for the future and the sustainability of Mercadona's competitive advantages. Before we begin, as I mentioned earlier, I would just like to inform you that all responses will be treated confidentially. Your participation is voluntary and confidential, so you will not be identified by name, only by your position in the company, and for transcription purposes, you will be referred to as WO1.

WO1: Thank you for the invitation, Miguel.

Interviewer: Perhaps, to break the ice a little, could you tell me a little about the warehouse in Almeirim where you work and briefly tell me a little about your experience and your job?

WO1: Yes, I joined Mercadona a couple of months ago as a Warehouse Operator. I already had some experience in similar roles at other companies, as I've been working in this field for quite some time. As for the Almeirim Logistics Center, we could spend the whole afternoon talking about it, given the complexity and grandeur of that space. That logistics center was an investment of over 200 million euros. It is the chain's largest warehouse, located in Almeirim (Santarém) and occupying an area of 120,000 m^2. I don't know if you realize it, but I think it's important to explore this part. The infrastructure is made up of several sections that work together to ensure efficiency in the logistics process. In other words, if we fail in our work, the products won't reach the stores, the stores won't have products to sell, customers won't have products to buy, and the business won't continue. The location is a key competitive advantage. The warehouse is divided into: a dry goods warehouse for products that do not need to be stored at controlled temperatures, and others. Then we have the cold storage warehouse, which is equipped to keep products at the right temperatures so that they maintain their quality and do not spoil. Here we are talking about fish, meat, dairy products, among others. Then we have the general building where other services and workshops are located. At this logistics center, we supply more than 60 stores, and I feel that it is a great responsibility to know that I am part of something so big and important. I feel that my work has value. In my day-to-day work, my role is quite comprehensive and involves several processes, where I can be at the reception and dispatch of products that arrive from our suppliers, checking that the quantities match the orders and that there is no damage. In addition, I help with the unloading and loading of different products after they have been organized in the trucks to go to the stores. Another key task is picking products, where we receive a list of products from various categories and go to each location in the warehouse to collect them to complete the orders. Finally, there is the labeling part, where all products must be identified with the batch, expiration date, destination store, among other things. Most important of all of this is that we do not have a specific role, we help each other, depending one what are the current demands and that is something that I particularly admire.

Interviewer: Great, you've already touched on some very interesting points. Thank you for that. So, in general, and you've already mentioned a few things, what do you like most about this company, to feel so motivated, as you described earlier?

WO1: I like this area, being behind the business. I don't really like direct customer relations; I prefer to be in pre-sales and make sure everyone has good products in their stores. In addition, as I said, I feel that my work has value and I think that's a good thing, the environment is good, we share ideas and help each other a lot, and the salary is also competitive when compared to similar positions at other companies.

Interviewer: Okay, yes, logistics and efficiency end up being an area that people, I wouldn't say forget, but people know that products arrive in stores and often don't even remember the whole process that goes into getting things to stores. In fact, as a consumer, I do that myself.

WO1: Yes, it's true, I feel that this area is still very undervalued by many consumers, but it ends up being the backbone of the company, although I don't feel that way in the company and in this position, and I feel valued.

Interviewer: That's good to hear, I'm glad to hear that. More important than supplying products, you need efficiency and a good logistics network for things to run smoothly. Can you tell us what you think are Mercadona's major competitive advantages and how logistics has contributed to this?

WO1: For me, this company's great competitive advantage are its products and all structure that involves logistics. The products are good and have high quality, and that is something I am very proud of. In addition to that, I believe we have great logistical efficiency, because everything in these warehouses is organized very rigorously, from the reception of products to storage, which is done correctly, to the preparation of orders for each store. Every minute makes a difference, and in logistics, time management and organization are highly valued and important skills. We have to do our job and think that someone else will pick it up next and will have to understand and identify things quickly so that we don't waste any more time and can deliver everything on time. In addition, the logistics center has been very well designed, and its location is a key competitive advantage because it is very centrally located, which allows us to quickly supply all stores. This is very important, since we are transporting fresh and other more sensitive products. At the same time, being closer to the stores allows you to reduce transportation costs, right?

Interviewer: Yes, yes, of course, the location is undoubtedly one of this center's strengths, and it is crucial to think about these things.

WO1: Yes, that's right, and although we supply a large number of stores, Mercadona is expanding, and each time a new store opens, its location is very well thought out, and this logistics center is large enough to also supply these new stores that are opening and the most recent openings.

Interviewer: Of course! We have already touched on some very important points, but if you had to summarize why you think Mercadona is more efficient than other companies in terms of its logistics process, what would be the main reasons?

WO1: Well, I would say the privileged location, the modern infrastructure with the capacity to meet all our needs, the intensive training we all receive when we join, so that we can be as profitable and efficient as possible, and also the use of the technologies available to the company, which help and speed up our work.

Interviewer: Okay, thank you for sharing, we've touched on some very interesting and important points here. Thank you for your insights. We're coming to the end of the interview and to finish, I'd like to talk a little bit about the future. In your opinion, will Mercadona's competitive advantages be sustainable in the long term?

WO1: Yes, without a doubt. The company's structure is very well thought out, and when things are done, they are not done with only the present in mind, but also with the future, and with the expansion that the company is experiencing, it couldn't be any other way. Our brands, our logistics centers, and our innovation are not easy to replicate, and consumers are increasingly recognizing this, thanks to the commitment we make to them every day to ensure they have the best products on the market.

Interviewer: Of course! And do you think Mercadona will continue to expand? Are you talking about outside Portugal and Spain?

WO1: Now I'm just speaking from my personal opinion, and this has nothing to do with the company, because I don't have access to that information, but I believe that if there was a will, it would be possible. At the moment, this business model with these products works for Portugal and Spain because the two countries are very close, their cultures are similar, and their needs are ultimately similar, but if we were talking about expanding to another country, some adjustments would be necessary. Firstly, an adaptation of the product portfolio, i.e., the introduction of own products and brands adapted to the food culture of the country in question. In addition, we would have to invest heavily and explore local partnerships and where the logistics network could best fit into that market, with those specific conditions. However, for growth in the Iberian Peninsula, I believe that we will continue to grow and that there is still a lot of market to explore. I don't know if I answered the question well, but it's also something that is beyond me; this is just my opinion.

Interviewer: No, not at all, you answered and mentioned key points. Thank you for sharing and for your time. I'll end the interview here and thank you once again for your participation. It was very important to have insights from someone who works in this important area, especially in this company and for the purposes of this research. Thank you.

WO1: You're welcome!

Appendix 3. Interview: Human Resources Technician

Date: 14/10/2025

Location: Teams

Participant: Human Resources

Duration: Approximately 20 minutes

Interviewer: Good afternoon, my name is Miguel Ferreira and first of all I would like to thank you for your availability to be here today. The purpose of this conversation is to understand the main competitive advantages of Mercadona, from your perspective as a Human Resources professional, which is a key area in companies. In addition, I would also like to explore some topics such as employee experience, vision, culture and values, human resources, company strategy from a human resources perspective, the contribution of human resources to the customer experience in store and also explore a little the prospects for the future of Mercadona's competitive advantages. Before we begin, as I mentioned earlier, I would like to inform you that all responses will be treated confidentially. Your participation is voluntary and confidential, so you will not be identified by name, only by the department you work in at the company. For transcription purposes, you will be referred to as HR1.

HR1: Good morning, Miguel! Thank you for the invitation. I must admit that this is the first time I am participating in an initiative like this, so I would ask you to guide me in whatever way you think best suits the context of your academic work. Also, if it is okay with you, I would like us to address each other informally, to make things easier and put us more at ease. Does that sound good to you?

Interviewer: Of course, that sounds good, thank you. Perhaps we could start by breaking the ice a little. Could you briefly tell me about your career at Mercadona and talk a little about your area of work? How does it work and what does your job focus on?

HR1: Well, I have always really liked Human Resources, which is why I studied it at university and have always worked with people. I have had the opportunity to participate in other projects within other companies, but always with a focus on helping organizations find the ideal profiles for the different positions available. I love my job and the whole process of collecting resumes, analyzing them, conducting interviews, and then, after some time, finding the ideal person for the requirements we are looking for, is something that I love to do. And my work focuses a lot on this, Miguel, which is managing

HR needs, aligning them with our business plan, structuring different recruitment processes, selecting processes for different profiles, and promoting the development and involvement of employees within the company after they join.

Interviewer: Very interesting. I also particularly like human resources. It seems to be a very comprehensive and dynamic role that involves managing and supervising various people and processes. When you mention our business plan and selecting different profiles, what exactly do you mean by that? Could you elaborate on this topic a little more?

HR1: Of course. As you know, our business model is that our customers are the boss, and that means we need to find the best professionals in stores to work with them and help them with whatever situation arises. This means that when we are selecting candidates for hiring, we try to find talent that meets these requirements to satisfy this need, because it is not enough to just have good infrastructure and a good structures, you need to ensure that you have the best people using the best services if you want to make a difference. I think that is the mindset we are given a little bit whenever we are looking for someone, but then it will also vary greatly depending on the position we are trying to fill. I can tell you that if it is a store operator, which is one of the areas we hire the most, some of the most important requirements we ask for are that the candidate are that they must be available for immediate training, must have good communication skills to help our customers in stores, motivation to learn, and the ability to adapt to various positions or sections, so to speak, and sometimes a driver's license is also highly valued. As you can see, the requirements are not very demanding or specific. Basically, we want people who are willing to learn and who want to grow in a good company like this. Often, we don't even require previous experience in similar positions, which I think is a great opportunity for everyone.

Interviewer: It is good to have this mindset that anyone can be a good candidate, because, at least speaking from my own experience, many jobs required previous experience in similar roles, and that ended up limiting me a lot.

HR1: Yes, Miguel, that is what we try to get people to understand: anyone can have a good career in this company, as long as they have the desire to learn, improve, and grow. Of course, as I said, it will depend a lot on the position that is open and the profile we are looking for, because, for example, if we are looking for a maintenance technician or a doctor, then we need much more training and experience, because we are talking about much more technical professions that require other experience, but in general, more related to the operational side, this is the message we try to convey as a company.

Interviewer: Great, thank you very much for sharing. Regarding the company's values, what do you consider to be the most important ones?

HR1: Well, Miguel, in my opinion, the values that stand out most in this company are our <u>focus on our customers, teamwork</u>. I have already mentioned customer focus a few times, but it is really true, we really care about our customers and we want them to have a good experience when they shop with us so that they come back, are happy with our products, satisfied with our prices, variety, etc. Teamwork is because I feel that we are all almost fighting for a common goal, which is to ensure the growth of this company. We belong to different areas, but we all want things to go well, and that is something that motivates me a lot to work here.

Interviewer: Good, yes, in fact, I hear a lot that you value the customer very much. And how do you think these values are reflected in the company's HR policy?

HR1: You touched on a very important point, Miguel, because we in the human resources team have the role of ensuring that people who are already in the company adopt this mindset through training in stores and initiatives, but we also have to ensure that new people who join the company will have this approach. Human Resources acts almost as a gateway, and we have to ensure that everyone is aligned with the company's values.

Interviewer: Of course, I completely agree. And what is your approach to ensuring that employees are satisfied, because ultimately, if you want employees to always think of the consumer first, the employees themselves also must feel good and motivated in their role, right?

HR1: You're absolutely right, Miguel. We try our best to provide attractive conditions that are above average compared to other supermarkets so that our employees feel valued and can focus on the customer and ensure they have the best service at the store. To this end, we want to help our employees enjoy good quality of life, ensure that their work and any initiative is welcomed, and we strongly encourage the internal promotion of our employees to positions of greater responsibility before seeking new talent in the market. After all, these people already know the business and how we work, so we think, why should we go out and find someone new in the market when we already have someone within the company who meets the requirements we need? In addition to above-average entry conditions, we want to show new people who join us that we trust them and their work, hence all the news you see about all the permanent contracts our employees benefit from, in addition to bonuses for achieving objectives, which often, for example in the operational area, correspond to an extra salary.

Interviewer: Yes, the fact that people feel good, that they know they have above-average working conditions within that field, that their initiative is valued, that there is the possibility of career progression, are all aspects that count for a lot in terms of keeping them motivated on a day-to-day basis. To ensure these above-average conditions within the sector, the HR department must face some challenges, right? What are the biggest limitations or trade-offs that challenge you the most, for example, between salary costs and investment in other initiatives, or others?

HR1: You have touched on probably one of the most challenging aspects of our daily tasks. The truth is that, yes, offering good conditions is very good to motivate our employees, so they can deliver the best service to our customers. However, that comes with some limitations, or better say, some challenges. Each euro that we invest more in these people, is an opportunity that we are “missing” to invest in another initiatives or projects. However, here, in Mercadona, as we talked about earlier, we really try to find the best people, because we want the best experience for our clients, and that is something that we prioritize. For example, we focus a lot on reducing employee turnover, because that comes with a lot of costs, so we try to offer good conditions, so we can retain the talent, avoid more costs and at the same time the employees feel well-compensated and happy.

Interviewer: Yes, I definitely agree that this is the right approach to motivate people to do their best at work, but I trully believe this is a challenging trade-off to deal with daily. So, what are Mercadona's competitive advantages, in your opinion, compared to other companies in the sector?

HR1: Hmm... I would say the continuous and intensive commitment we have developed for our employees, which ends up being our internal people management model, whether initial, in Portugal or Spain, depending on the role, or later on, that is, the idea is to always be learning. In addition, <u>our own brands, which not only as an employee, but also as a customer, I believe they are very good and I think it is a way of being different from our competitors</u>. Finally, I think we listen carefully to the feedback that our customers give us, which we then use to improve. We are a very strong company in terms of innovation that wants to constantly improve processes and products for our customers, and that is something I value greatly, as a person and as an employee, to feel that we are always learning and that we are never stagnant.

Interviewer: Of course, thank you! We are coming to the end of the interview, and I want to thank you for your time so far, it has been a great conversation. What you have shared has been very enriching. Thank you. Now, looking a little bit to the future, in your opinion, what do you consider to be Mercadona's biggest challenges in the future, and what role will Human Resources play in helping the company overcome these challenges?

HR1: That is a good question. I think the main challenges for these food retail companies and Mercadona are mainly adapting to new forms of consumption, digitalizing processes, and sustainability, that is, having the capacity, as a company, to keep up with this rapid growth that continues unabated. I think that human resources, like any other area, will have to adapt to new forms of recruitment, candidate selection, and even interviews with AI, in order to keep up with the market, but I think that at the same time it is essential to maintain the human aspect, because there are many things that you cannot identify with a computer, such as a person's essence, motivation, etc., and by conducting the interview using human resources, you can identify these differences. In other words, I don't rule out the option of these tools, which I think are incredible and save many hours of work, but I think that in human resources, especially with Mercadona's vision, which is to retain the best professionals in order to provide the best service to customers, it is important to strike a balance between these two incredible things we have, which are machines and people.

Interviewer: Thank you very much, I completely agree. I think it is important to strike a balance between these two aspects so that we can be faster and more agile, but without losing our essence.

HR1: That's exactly what I advocate, but anyway, this is just my opinion, it's not a rule that is applied.

Interviewer: Absolutely. Well, I want to thank you for your time and availability. Our interview is over. Thank you once again for all the insights and tips. I really enjoyed this opportunity. Thank you.

HR1: Thank you, Miguel, for the opportunity. It was a very positive experience. Thank you.

Interviewer: Thank you.

Appendix 4. Interview: Store Operator

Date: 16/10/2025

Local: Teams

Participant: Store Operator

Duration: Approximately 20 minutes

Interviewer: Good afternoon, my name is Miguel Ferreira and first of all I would like to thank you for your availability to be here today. The purpose of this conversation is to understand the main competitive advantages of Mercadona, from your perspective as a professional in the Operations area, as a Store Operator, which is a key area in this company, as you have direct contact with customers every day. In addition, I would also like to explore some topics such as your experience as an employee, the company's vision, culture, and values, the company's strategy and business model, the company's competitive advantages, and much more. Before we begin, as I mentioned earlier, I would just like to inform you that all answers will be treated confidentially. Your participation is voluntary and confidential, so you will not be identified by name, only by the department you work in at the company, and for transcription purposes, you will be referred to as OP1.

OP1: Hello Miguel, thank you for the invitation. Of course, that sounds good to me, and I think that since we belong to the same generation, we can address each other informally, right? At least, I prefer that way.

Interviewer: Of course, that sounds good to me. Maybe we can start with your experience at Mercadona so far, and if you could tell me a little bit about your work and explore that part, I would appreciate it.

OP1: Well, Miguel, I've been working as a store operator at Mercadona for about two years, and the truth is that I've worked at several supermarket chains, and this has been the best experience so far. My job is quite dynamic, and I feel very valued at this company. My duties focus mainly on direct customer service and restocking, where I always have to check product expiration dates and help my colleagues with whatever they need, in addition to being responsible for keeping the store clean and organized. Besides that, here at Mercadona we are all trained to do multiple things and to have the same responsibilities, so I develop my work on different areas, depending on what are the store demands.

Interviewer: Okay, you touched on a very important point that I wanted to talk about later, but I'm glad you mentioned it, which was the fact that you feel valued. Could you explore that idea a little more and explain why you feel valued at this company?

OP1: Yes, yes. I feel valued because, since the day I started, I feel that my superiors have confidence in my work and like it when I bring new ideas for doing small things that can make a difference. Even if they say that things should be done a certain way, they are always open to hearing your opinion on the matter and discussing ideas. In addition, I received training from the beginning, even though it wasn't my first time working as a store operator, and I feel that I was very well received and prepared for when I was in contact with customers, so I already had more confidence in my work. Combined with all this, I started with a permanent contract with an attractive salary, which is higher than my other similar previous jobs, which contributed to me feeling more motivated and eager to learn more.

Interviewer: Of course, it's great to feel that there is this openness to discussing ideas. Could you give me a recent example of an idea that you had that was implemented? Or, more than 1? And, if possible, the result or impact that had? If, for example, increased customer satisfaction?

OP1: Yes, I remember a recent situation that I think fits this question. When I was restocking near the checkout counters, or even when I was at the checkout counters, I noticed that people with few purchases were mixing with those who had a car full of groceries at the same checkout counters. This could end up being a little frustrating for these customers who had very little, because they had to wait a long time to then take, often, only one or two items. So, I spoke to my supervisor and explained my idea, where we could try to direct people to different checkouts, taking into account the number of items they had to carry, in order to create a balance, not creating a rule, but trying to improve a process. In terms of percentage, I don't know how much our waiting time has improved, but I know that we have been paying attention to this and we have received feedback that the waiting time has improved, which is something I am very proud of. Another situation that happened to me and that I remember is a situation that happened a few months ago with a customer who came to the store looking for a specific item, and we no longer had that item in stock. The customer told me it was for a birthday party and that they really needed it. Since I had my coworkers' contact information, I called the neighboring store and verified that they had the item. I notified the customer and asked my coworker to hold the item in the store for the customer to pick up later. I recall that it was a simple thing for me, but it made all the difference for the customer, and I remember him thanking me for my special attention and saying he would definitely be back.

Interviewer: Yes, that's very good. Even though you didn't know exactly how much it had improved, you identified the gap that existed and brought in these initiatives to improve it. Regarding the second example, you identified the problem and then put the consumer first, which ended up really improving their experience. Which do you consider to be the most important values of the company?

OP1: I don't know if it's because I'm part of the operation, but I feel that what sets us apart is teamwork and putting the customer first, regardless of your position. We all work as a team so that the customer benefits the most from everything, and often it's the little things that the customer doesn't notice, but promotes a higher service when compared to competitors. For example, if we see that a long line is forming at the checkout and we have few colleagues, we immediately take the initiative to help our colleagues with the flow of customers so that they don't have to wait so long. Regardless of whether my main job is restocking products, if one of my colleagues needs help, it is my duty to go and help so that the customer has to wait less time. That's how we are, or try to be, and that's how we've been trained.

Interviewer: It's great to feel mutual support and see that it really happens. Do you believe there are real opportunities for career progression within the company?

OP1: Yes, I believe so. I think that the more we do our job, the more we realize that we are not just cashiers, but that we have a greater purpose, and that makes a difference to customers. I think that when people make this effort, you stand out at a higher level, and the company gradually gives you more responsibility when you show that you deserve it and want it. In fact, I know several of my “friends” who were cashiers and are now supervisors because they really showed a desire to learn more and not limit themselves to their duties. I think it has to start with you, but if you want it, the company will give you all the tools to make it happen, and that's what I try to do a little bit in my job, to try to show my value and prove that I can handle it and want more responsibility. For example, small tasks that I did when I started, which were always checked by supervisors, at a later stage, I said that I felt confident and asked if the checks could be done less frequently, and my supervisor was the first to recognize my effort and entrust me with that extra responsibility.

Interviewer: That's very important. In addition to having responsibility and wanting it, we feel that on the other side, there is also room for that to happen and that there is trust on the other side. Thank you for sharing your thoughts with me so far, with real examples, thank you. And in terms of the company's competitive advantages, what do you think are the most important ones, compared to the company's direct competitors?

OP1: I think it's our own brands, they are different from the market and the variety of products we have, and customer service, in terms of efficiency. As a store operator, I think it's very easy to shop at

Mercadona stores. Everything is very well labeled and easy to find, and I think that nowadays people are really looking for that ease and accessibility, but yes, I think those are the most important ones. And the fact that we all think the products we have can serve all the customer needs, we believe we have a wide variety of products to offer to our “bosses”.

Interviewer: Yes, as a consumer, I can confirm that, and the truth is that it helps a lot. People want to go to the supermarket and see things easily and know where everything is. They want it to be a quick and easy process, and I think that's very much the case with you. And to hold those competitive advantages that you just mentioned, what challenges or difficulties do you think the company faces? For example, the pressure to have always low prices creates more focus on cutting costs in other areas? What is your opinion on this?

OP1: That's an interesting question, Miguel. Yes, the pressure to keep prices low every day is a challenge, because in order to maintain consistently low prices, we need to have a very well-aligned and organized structure. I think a lot of it has to do with the fact that we are very well trained by our managers and supervisors to be as efficient as possible in everything we do. I think a key point that helps with this efficiency is that we are trained to do more than one thing and help out as needed in the store. This really helps to maximize resources and means we don't need to have too many employees in the store. So, the main challenge, in my view, is finding this constant balance: maintain the highest efficiency to sustain low prices. I think the good working conditions and salary are the strategy for us to feel motivated and to find this efficiency every day

Interviewer: Okay, that's a very interesting perspective, because I agree that keeping low prices always must require a very sophisticated structure, thank you for that honest answer. Let's talk a little more about the future of stores. Do you think the company's competitive advantages are sustainable, that is, viable in the long term? Or will there have to be adaptation and adjustments?

OP1: I think we have very good own brands and I hear very good things from customers about our brands, because the truth is that it's a way of being the only one to sell those products and I think we have very good advantages. However, I think that, like any business, there is always room to learn and evolve, and I think it's very important to listen to our customers because we end up learning a lot from them and they help us notice details that we would probably miss on our own, so yes, there is always room for improvement.

Interviewer: Okay, good, yes, customer feedback is important because they are the ones who choose which supermarket they want to go to. Do you have any specific example that you want to share on something that was improved because of something the client mention? Do you remember something?

OP1: I can't think of an example that happened to me right now, but I know, and you certainly know too, that this was widely reported in the media, that we received feedback from our consumers that the shopping cart was too heavy, and that we then developed a smaller, lighter cart after listening to customer feedback.

Interviewer: That is great, thank you, and yes, I remember. To finish the interview, I just want to ask you, even though you've already mentioned it, what do you like most about working for this company?

OP1: Yes, I've already mentioned a few things, but the working conditions, feeling that my work has a purpose and that I have responsibilities as a store operator, and that my work is important and makes a difference to customers, I think that's what I like most, feeling valued.

Interviewer: Thank you, I think you ended with an important phrase, “feeling valued.” I'm very happy that you feel this way, and thank you for sharing, it helped a lot. Thank you very much.

OP1: Thank you, Miguel.

Appendix 5: Interview: Supervisor

Date: 20/10/2025

Local: Teams

Participant: Supervisor / Store Coordinator

Duration: Approximately 20 minutes

Interviewer: Good afternoon, my name is Miguel Ferreira and first of all I would like to thank you for your availability to be here today. The purpose of this conversation is to understand the main competitive advantages of Mercadona, from your perspective as a professional in the Operations area, as a Supervisor/Store Coordinator from a very important area in this company. Also, because you have direct contact with customers every day. In addition, I would also like to explore some topics such as your experience as an employee, the company's vision, culture, and values, the company's strategy, your concerns and priorities as a supervisor and much more. Before we begin, as I mentioned earlier, I would just like to inform you that all answers will be treated confidentially. Your participation is voluntary and confidential, so you will not be identified by name, only by the department you work in at the company, and for transcription purposes, you will be referred to as S1.

S1: Thank you for the invitation, Miguel. I'm not sure if I'll be able to answer all the questions, but I'll try. This is the first time I've participated in an initiative like this.

Interviewer: Of course, don't worry. I'll help you and guide you through the whole process to make it easy and fun. How about we start by talking a little about your experience at Mercadona so far and your current position? Because while we were talking, I found your position in the company very interesting and I would like you to explain us a little bit about it. Is that okay for you? If you could even explain us a little bit about the hierarchy of the store, that would be amazing.

S1: Yes, that's fine, Miguel. So, I started working at Mercadona about two years ago, and I've been working in supermarkets for over 15 years. It's always been what I've done and what I like to do: being in contact with customers, talking to them, and providing good service. At this store, in Mercadona, the hierarchy is very interesting because Mercadona has a policy that aims to train employees in more than one area so that they are prepared to do a lot of things and there are not fixed positions, everyone does "everything", according to the store needs. In the store, we have the Store Operators, we have my current role, which is kind of like a Supervisor, a very operational role that I will explain, than we have manager B, and manager A. In a very simple way so you can understand, the managers decide basically everything we are doing and how we are doing and then I need to operationalize that, I need to guarantee that all areas are working accordingly to what the managers have decided. The manager B helps the manager A on deciding, and I have to be very aligned to what they are doing, so I can be able to operate everything. Focusing now more on my position, my daily responsibilities are basically guarantee that the store is working on the way it should be. This implies that I do all the planification e coordination of daily operations, help the manager/managers to organize and lead the different current teams, distributing tasks and schedules, discussing strategies with managers and also other departments outside of the store to improve the customers service and experience.

Interviewer: Okay, I see, that is a very interesting position, because you really have to be aligned with the manager in order for everything to work. Could you explore that idea a little more and explain why you feel valued at this company?

S1: Yes, Miguel. I feel that my work is valued in this company because of the conditions they offer us. As I said, I've worked in many supermarkets, and this is the one that gives me the most stability. In addition, if I need to go somewhere, the company and my bosses are usually very understanding and try to find a solution, which is something you don't see very often in supermarkets. The work environment is also a very positive point, and I feel that if we have any ideas or suggestions, people are willing to try to improve and listen. For example, sometimes we are assigning tasks and we start to get to know the people and we are struggling with time or something, there is always space to assign the people that I think is more appropriate for that task or a specific thing and I feel that I have a lot of freedom to discuss and to give my opinion, which is something that I did not feel before on other jobs. I always try, as we are require, for everyone to be doing everything, but these are the small things that make all the difference.

Interviewer: Of course, it's great to feel that there is this openness to discussing ideas, because the truth is that often when there is this freedom to explore new ideas, things end up going better and new ideas always emerge that are better and easier to implement.

S1: Yes, that's very good and I am a very dynamic person and I feel this role is very important and they give space to think and explain why should I think this is the best way of doing things.

Interviewer: That's good to hear, thank you for sharing. Regarding the company's competitive advantages, what do you think are the most important ones that set this company apart from others in the market?

S1: I think our products are very good, mainly our private labels, they have a lot of quality, they don't exist on the rest of the market, so they are exclusive, and we have great prices for them and hear a lot this a lot from the customers. Apart from this, I think we have great prices overall and a great service, due to our organization and the way we work. We have a great team that are prepared to do basically anything and to help each other to make sure there is nothing missing, and that is a great strategy, when you train people to do more than 1 thing at the same time and our service is a competitive advantage. And overall, we have very passionate people working here, I am not trying to grab or something, but this is the reality and we all say we are well-compensated for our job.

Interviewer: Without a doubt, I totally get what you are saying, having a strong structure is so important. What do you think are the main challenges of your job and managing all this dynamic structure? If you could give real examples, that would be great?

S1: Of course, Miguel. As I mentioned earlier, my current position is very operational, I get to be close to the team and the clients every day. My biggest challenges are making sure that everything works as it should work, because there are a lot of sections and everything needs to be very good distributed. For example, if two people call in sick on the same day, because it happens sometimes, I have to adapt all the shift very quickly, because customers can't wait more than that specific time. Another challenge is making sure that everyone is aligned to what they need to do and preparing everyone to do everything. For example, if a customer has a request or a complaint about something, I need to prepare everyone to solve to problem and not wait for the manager or me, everyone needs to be able to handle situations and this is something that is challenging.

Interviewer: Yes, yes, having that mentality and mindset is very important, but even more important is passing it on to new people who are coming in and undergoing initial training. It feels like a challenging position. And in your opinion, what distinguishes Mercadona's operation from other stores in terms of logistics, efficiency, etc.?

S1: What distinguishes Mercadona is its highly efficient logistics and teamwork, which are fundamental to its success. The company has very strict management, and employees are well trained to do everything and to feel morivated so they can do a better job at the service level. We are prepared to do things well and quickly, so that customers wait as little as possible. In addition, the layout of the stores is designed to provide a fast and convenient shopping experience, from the aisles, the ease of finding products, the aisles being well lit and identified, the number of open checkouts so that customers wait little or no time to be served, the new lighter shopping carts that allow for a more convenient experience, all of this is designed to add value to the shopping experience.

Interviewer: You touched on some very important points here, and as a consumer, I can recognize and identify with everything you said. I really feel that the stores are well organized and that it is easy to shop there.

S1: Yes, we want people to trust our stores.

Interviewer: Can you give me a real example from your work of an internal process or task that is encouraged and that allows you to do your job faster and more efficiently? And what do you think makes this section of these stores different from other supermarket chains?

S1: Yes, look, for example, one internal process that makes work much easier is autonomous inventory management, reduces manual laber and identifies all our needs at the stores. The company uses systems that optimize stock and alert us to the need for restocking, which reduces manual labor time and improves customer service efficiency. What my team and I try to do to differentiate ourselves from other competitors is to focus on product quality, customer service, organization, and hygiene, which is very important here, and on the presentation of the store.

Interviewer: Okay, very interesting, and technology can help us very easily identify problems and correct them as quickly as possible, if necessary. And in this type of product and section, hygiene, cleanliness, and presentation make a big difference; they say a lot about the business.

S1: Yes, and it would take us much longer to identify them, so we try to do the best we can.

Interviewer: Correct. What is your opinion on the company's “Everyday low prices” policy?

S1: The “Everyday low prices” policy is a great competitive advantage because it ensures that customers know they can count on low and consistent prices every day, without having to wait for seasonal promotions or discounts. This creates strong brand loyalty and attracts a wider audience. Before entering the store, customers already know that they will find consistent prices whether they go there today or next week, which conveys more confidence and removes that feeling that we are deceiving them.

Interviewer: Of course, that's undoubtedly important and makes their perception much more consistent. In your opinion, does the policy of everyday low prices create tension in other areas? In other words, is the pressure to always keep costs low a challenge for your team, or does it limit your ability to invest in other improvements?

S1: That's a good question, Miguel. To be honest, yes, that pressure does exist, because it ends up being a pricing policy that requires very good management, particularly in terms of costs. In the fish section, for example, this translates into avoiding waste as much as possible. We have to be extremely precise in our orders and in managing our stock. As for limiting investments, I don't think they are limited, but they have to be very well thought out and justified. In other words, any investment has to pay off as quickly as possible so that no money is wasted. However, I'm not saying that this is a bad thing, because this rigorous management of our resources allows us to focus more on the essentials. We have learned to do more with the resources available to us. All ideas are welcome, but they must then be carefully analyzed to ensure that there is a real return on investment.

Interviewer: Of course, it makes perfect sense that everything should be carefully thought out and evaluated so that there is no waste or money poorly invested. I see. Here, in relation to customer feedback, how do you deal with this and do you do anything with it?

S1: Yes, I feel that we learn a lot from customers, they give us lots of ideas and we have to be able to look at them and do something with them in order to improve. I feel that customers' ideas and feedback are valued and really reach the stores. This is evident in the way Mercadona makes adjustments to its products, service, and processes based on what customers say.

Interviewer: It's great that this feedback is used to improve products and processes in-store. We are now entering the final stage of the interview, and I would like to talk a little about the future. Do you think that Mercadona's competitive advantages are competitive advantages that the company will be able to maintain in the long term?

S1: I believe so. Mercadona has strong competitive advantages, such as operational efficiency, customer focus, and product quality. As the company is always innovating and adapting, especially for our products and processes with its co-innovation centers, it is well positioned to maintain these advantages in the long term. I believe there will be some challenges if we continue to grow, because consumer needs are always changing, but I think we have good advantages and customers trust us.

Interviewer: Okay, I think that's all from me. I wanted to thank you for your valuable collaboration, it really helped, thank you.

S1: Thank you, I really enjoyed it.

Appendix 6. Focus Group

Date: 1/11/2025

Location: Teams

Participants:

- Person 1 (25 years, master’s degree student while working (sales), woman, no kids)
- Person 2 (32 years, employee (healthcare), woman, 2 kids)
- Person 3 (57 years, employee (manufacturing), man, 2 kids)
- Person 4 (40 years, employee (office work), man, no kids)
- Person 5 (24 years, employee (technology), man, 1 kid)
- Person 6 (68 years, retired, woman, 2 kids)

- Person 7 (37 years, employee (customer service), woman, no kids)
- Person 8 (22 years, employee (Hospitality), no kids)

Interviewer: Good afternoon, everyone. Thank you very much for agreeing to participate in this focus group. My name is Miguel Ferreira. I am a master's student in Business, and I am conducting research for my master's thesis, which focuses on understanding and exploring perceptions about the Mercadona company and brand, as well as its competitive advantages, from your perspective as consumers. The goal of this focus group is to have a conversation where you express your opinion on the questions and topics I raise. There are no right or wrong answers, and what matters is that your opinion is honest. Some of the guidelines I would like to give to keep everything organized are: I ask that one person speak at a time, I repeat that any opinion is valid, the session is confidential, so you will not be identified by your name, but rather by person and your respective number, and this conversation will be recorded only to help me with the transcription later. To begin with, I would like you all to tell me briefly why you shop at Mercadona stores. What makes you shop there?

Person 2: Good afternoon, everyone. Well, I can start. I usually shop at Mercadona because it's very close to my house, and the store isn't usually as crowded as Continente, for example, which means I can get my shopping done faster. When I have more time, I sometimes go to Continente because I feel that they have a wider variety of products in some areas, but during the week I usually go to Mercadona.

Person 5: Good afternoon, I really like going to Mercadona when I need specific things, for example, when I need laundry detergent, because they are cheaper and their own brands are good and have good prices. I would say that for big monthly shopping trips, it's not my first choice, but I feel that they have some very good specific items. I probably don't go there as often because the nearest store isn't that close to my house, and sometimes I end up choosing other options closer to home.

Person 6: Good afternoon, I feel that Mercadona has everything I need, the store is organized, I've never seen it not have the products I need, and it's close to my house, so I can walk there and it's not very crowded, which is great.

Person 1: Good afternoon, everyone. I agree with everything that has been said, and yes, I like going there for the prices. I think there are many things worth buying there, especially the store's own brands. The products are very good quality, and when I have time, I like to go and see what's new. But yes, I agree that if I need a lot of things, I'm not sure it would be my first choice for shopping.

Person 3: Good afternoon, I like going to Mercadona because I leave work and then having to go shopping is a tedious process, and I feel that shopping at Mercadona is a quick process. There are products that I don't buy there and that I prefer from Contiente, such as yogurts, because I feel that they have a greater variety, both liquid and other types, but I like going there because it's convenient.

Person 1, 2, and 6: I agree, I also prefer to buy yogurt at Continente because they have a wider variety.

Person 7: Good afternoon, I agree with everything that has been said. Mercadona is very close to my house, so it's very convenient to go there.

Person 8: Good afternoon, I like going there because the stores are well organized, they are not too big, and it is quick to do my shopping there. Sometimes at Continente, I end up wasting a lot of time, and here shopping ends up being very quick.

Person 4: Good afternoon, I agree with what has been said. It is not my first choice for all types of shopping because I feel that Continente or Lidl have a wider variety of products, and there are things that I only buy at Lidl, such as bread. However, in general, I think it has good products, especially its own brands.

Interviewer: Thank you all for sharing your thoughts. I've taken some notes on everything that's been said. Now, I'd like to ask you what you think when you hear “Logistics and Efficiency” at Mercadona? Do you feel that this is reflected when you go shopping in the stores?

Person 2: I think it's very noticeable. I usually go shopping after work, later in the day, and everything is always tidy, and the shelves are always full, as if it were morning, which is good. Another thing is that I feel that the queues are never very long, and the shopping carts are smaller. For those who have children, I think it makes all the difference.

Person 3: Yes, I like the fact that it's easy to find products, everything is in the same place, they don't move things around much like I find in other supermarkets. What I also like is that restocking is very quick and I never feel like there are products missing from the shelves.

Person 5: Yes, I agree with what they said, it's a quick shopping process.

Person 6: I notice that everything is organized, and I go to the store almost every day because it's very close to my house. I've been at various times of day and the experience is always good.

Person 1: I would say that it's very rare to go to the shelves and not find the product I want to buy. I don't wait long in line, it's simple and quick.

Person 4: For me, one of the things I like most about Mercadona is that it's quick and I don't waste much time, and the stores aren't huge, which makes it a lot easier for me.

Person 7: Yes, I feel that efficiency. As I work in customer service, I end up noticing these details, and I think they're good at it. There's no big fuss, and people do their shopping quickly.

Person 8: I feel that it's fast, and that's one of the reasons I come here, because my schedule is a bit irregular, and I don't want to waste too much time at the supermarket. I think they do a good job in that regard.

Interviewer: Okay, thank you all. I think that, in general, everyone agreed on the issue of efficiency. And now, in terms of private labels and low prices? What is your opinion on this? Is this one of the reasons you go there and associate Mercadona with this?

Person 1: Yes, definitely. Mercadona has very good private labels, especially, in my opinion, hygiene products, which smell great and are very well priced. They are good quality and good value. I feel that this is the reason why I go to Mercadona the most.

Person 3: Yes, me too, and I feel that in many places private labels are associated with lower quality, but in this case that's not true, quite the contrary. Not only are they good, they are also good quality.

Person 8: Yes, I think Mercadona's image is closely associated with low prices and quality products, particularly its own brands. It's something that makes me go there on purpose, especially for hygiene products and fabric softeners.

Person 4: Yes, the products are good and not expensive. I've already recommended the own-brand products to some people.

Person 5: Yes, there are some products at Continente or Lidl that are more expensive, so I decide to go to Mercadona to buy their own brands, without compromising on quality, which is very good.

Person 7: Their positioning is clear: to offer quality products at a good price. I think their own brand allows them to stand out from the rest of the market.

Person 2: Yes, their own brand is very strong. It's almost as if it weren't a white label, so to speak, because they are good and allow them to stand out from other supermarkets. They have managed to create something quite good.

Person 6: I agree with them, and I think they have managed to transform white label products into very good products.

Interviewer: Thank you all for sharing your thoughts on prices and private labels. And in terms of feeling that the consumer is the focus of the business? In other words, do you feel that you are the focus of the business when you go shopping there? And then this is directly related to the fact that the employees are very well trained and there is a lot of investment in training. Do you think this is reflected in the service?

Person 4: I see a lot of efficiency, as I mentioned earlier, but in terms of customer service, I'll be very honest, I'm well served, but I don't feel like it's extraordinary service, that is, something that makes me go there on purpose because of it.

Person 5: I think it ends up reflecting on them. When I went to the stores, I was always well received and they always helped me a lot, I never felt a less friendly look, and I think that has a lot to do with the training they have.

Person 6: I go to Mercadona almost every day, I like the way they treat me, they are patient and I know that sometimes I ask a lot of questions, and they are always available, even to understand the labels, I think that makes a difference.

Person 7: I agree with the first opinion. I think there is a concern to treat customers well, but I see that at Continente, Lidl, and others. In other words, I am well served, the stores are very efficient, but I don't think, “Oh, let me go to Mercadona because I'm better served than at other supermarkets.” I don't agree with that.

Person 1: I don't have a strong opinion on this topic because I have very little interaction with the employees. I have a very independent shopping style. I know what I want, I pick things up, I buy them, and I leave. I don't have much contact with anyone, but I would say that it's not something that makes me go there on purpose.

Person 2: I understand that it's part of their business model to want to put people at the center, but I don't feel anything extraordinary. I feel that I am well served, with smiles, but I agree with the general opinion.

Person 3: For me, it's very important that the products are organized, restocking is quick, and the service is good. It shows that the customer is at the center of everything. The employees seem prepared to do various things and I think that's very positive, so I would say yes.

Person 8: I feel that I am well served, but I don't notice enough difference to say that I go to Mercadona for that reason. I am much more interested in own brands than this.

Interviewer: Okay, here we can already see some divergence in opinion, mainly in terms of service and your experience with employees. And here, to finish with the last competitive advantage, in terms of innovation, what do you think about this? And do you associate innovation with stores in any way?

Person 7: I think so, innovation can be perceived in different ways, but I think the company is innovative because it has managed to create very strong brands, shopping there is quick, and it is different from other supermarket chains. I know a lot of people who see Mercadona as a different kind of supermarket. I'm not sure how, but it's different. It's not a place to do all your shopping, but yes, I think it's innovative.

Person 5: I think so, I see innovation in the way they simplify everything. The shopping experience is fast, and that's not by chance. The way they organize the space, the design of the packaging, it's all thought out, and I think that's seen as innovation on the part of the company. I agree when they say that the company's innovation can be seen in different ways.

Person 1: I have to disagree with your opinion a little, because I think innovation is a somewhat subjective concept. In my opinion, I don't really associate innovation with Mercadona. Yes, they have different products, but in terms of their overall concept, their business model, I don't think they do anything particularly different that I would associate with the brand and the stores. I can see that they innovate through their own brands, but I don't know if innovation is something that sets Mercadona apart.

Person 8: I see innovation in simple things. Like the short queues, the organization, the quick restocking, I think it's present in small things and in their own brands, of course.

Person 1: But in what way do you see innovation in that aspect? Can you give an example?

Person 8: Yes, I know that employees are trained to do everything and there are no fixed positions in the company, meaning they work wherever the store needs them and according to customer needs, and I think that has to be considered innovation.

Person 1: Okay, I see what you're saying. I didn't know that.

Person 2: Yes, I agree a little with what you said (person 8). I think innovation can be seen in the little things, like the way the products are arranged. I feel that there is a thought process and logic behind making everything easier and faster, and I would say that this is innovation, going beyond the obvious.

Person 6: I think the perception they've managed to create that private labels can also be good and can be of high quality is something that can only be called innovation. I know that when I go in there, I'll find good quality products at good prices.

Person 4: Yes, I would say the same. When I first went to the store, I was a little wary of the private labels because of the prejudice I had already formed from other supermarkets, and that was something I consider innovation, because they managed to create something.

Person 3: Yes, I agree that it is more related to the products.

Interviewer: Okay, I think we've heard everyone's perspectives on this topic as well. Thank you all very much for your availability and your opinions on these topics. Your contributions will be very useful for the analysis, and it was good to see some diversity of opinion. Thank you all.

Appendix 7. Dictionary: Interviews

Table 4: Appendix 7: Interviews Dictionary

Competitive Advantage:	**Quotes as exemples:**
Logistics and Operational Efficiecy	**Warehouse Operator:** "If we fail in our work, the business will not move forward." | "The location is a key competitive advantage." **Manager:** "We use internal systems that help us predict consumption, we have all the products we need in our stores and our stores are designed to have a quick shopping experience." **Supervisor:** "Autonomous inventory management, reduces manual labor time and identifies our needs."
Private Labels and Prices	**Manager 1:** "A large part of our assortment is our own brand, which allows us to control quality and innovation more independently." **Supervisor:** "Our private labels... don't exist anywhere else on the market, so they're exclusive, and we have great prices for them." **Store Operator:** "I think it's our own brands and the variety of products we have"
People and Investment in Training	**HR:** "We offer attractive conditions that are above average... so that our employees feel valued and ensure the best costumer service at the stores" **Store Operator:** "I feel valued... my superiors have confidence in my work and like me to bring new ideas." | "Here at Mercadona, we are all trained to do various things." **Supervisor:** "We prepare everyone to do everything and to feel motivated, to do a better job at the service level."
Focus on Client ("The Boss")	**S1:** "Our service is a competitive advantage." **OP1:** "Often it's the little things that the customer doesn't notice, but promotes a higher service when compared to competitors" **Manager 1:** "We receive feedback from them and do something with it and we train our people to have a differentiator service"
Innovation	**HR:** "We are a very strong company in terms of innovation that constantly strives to improve processes and products for our customers." **Supervisor:** "The company is always innovating e adapting, especially with our products with the co-innovation centers" **Store Operator:** "We received feedback from our consumers that the shopping car was too heavy, and then we developed a smaller, lighter cart."

Table 6 – Appendix 7: Interviews Dictionary

Appendix 8: Survey

Section 1:First contact with Mercadona

1) What is the supermarket where you usually buy your groceries?
   a) Continente
   b) Mercadona
   c) Pingo Doce
   d) Lidl
   e) Aldi
   f) Intermarché
2) Have you ever shop at Mercadona?
   a) Yes (go to next section)
   b) No: 3) select 3 reasons to reason to do so), after answer sociodemographic answers and survey ends

Section 2: Mercadona Experience

4) What is the frequency that you shop at Mercadona?
   a) Daily
   b) 3-4 times a week
   c) 1-2 times a week
   d) 1-2 times a month
   e) Less than 1 time a month
5) When you shop at Mercadona, you usually do it for:
   a) Do most of my shopping
   b) Repositioning shopping
   c) Buy specific products
   d) Depends on the week/do not have a pattern
6) How far is the nearest store from you?
   a) Up to 10 minutes
   b) 11-20 minutes
   c) 21-30 minutes
   d) More than 30
7) Please rank from 1 (very bad) | 5(very good) each elements from Mercadona stores:
   a) Location (from you)
   b) Product prices
   c) Waiting time
   d) Friendliness of employees

e) Company's innovation
f) Store cleanliness
g) Store organization

8) Please indicate from 1 (not important) | 5 (very important) the following elements when you shop at any supermarket
a) Price
b) Product variety
c) Private labels
d) Employees
e) Package
f) Proximity of stores to house/office
g) Sustainable products

9) Order from 1 to 5 the following sentences, according to what you think describe the best Mercadonas competitive advantages
a) Logistics and Operational efficiency
b) Private labels
c) Investment in People and Training
d) Client is the Boss
e) Innovation

10) In your opinion, Mercadona, in a general context, is:
a) Above its competitors
b) Slightly above its competiors
c) At the same level
d) slightly below its competitors
e) below its competitors

11) What do you think Mercadona stores could improve?

Section 3: Sociodemographic data

12) What is your age?
a) 18-27
b) 28-43
c) 44-59
d) 60 or more

13) What is your gender?
a) Female
b) Male
c) Other

14) What is your concluded level of education?

a) Basic or below
b) High School
c) Bachelors
d) Master
e) Doctorate

15) What is your current situation?

a) Student
b) Employee
c) Unemployed
d) Retired

16) What is residence zone?

a) North
b) Center
c) Metropolotinal Area of Lisbon
d) South
e) Azores or Madeira Islands