



Navigating the Local Landscape: Strategies and Challenges for Innovative Entrepreneurs Upholding Regional Identity

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Abstract

Local entrepreneurs are facing increasing challenges in recent decades. Striking a delicate balance between maintain the core values of a community and ensuring sustainability of their business while adapting to the consumer needs demands careful consideration. This paper aims to provide takeaways and insights gained from entrepreneurs who have confronted these challenges successfully. The qualitative data, derived from interviews, served as a foundation for this analysis. Furthermore, this study scrutinizes the impact of mass merchandisers on the development of the local business and, consequently, their influence in communities. Additionally, the paper investigates the character of the relationship between local suppliers and these retail entities. Key findings highlight that businesses strategically prioritizing innovation and regional identity tend to achieve greater success while having a higher engagement with the community, thereby demonstrating a more pronounced local multiplier. Recommendations for local entrepreneurs include the development of a comprehensive and updated business plan, investment in the digital and proactivity when seeking for financial support. Concerns and pressures from mass merchandisers emerged in the data, encompassing issues related to pricing, profit margins, quality compromises, and the incapacity to promote a differentiating brand. Nevertheless, the data highlights the evident dependence of suppliers on retail giants, particularly when aspiring to scale up. Therefore, it is suggested that mass merchandisers evolve in their relationship with local suppliers, primarily through redefinition of commercial parameters.

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Keywords: local entrepreneurs, community, mass merchandisers, interviews, local multiplier, community engagement, innovation, business plan

Resumo

Os empreendedores locais têm vindo a enfrentar desafios crescentes nas últimas décadas. É crucial encontrar um equilíbrio entre os valores fundamentais de uma comunidade e a sustentabilidade da sua atividade, enquanto acompanham as necessidades do consumidor. Esta dissertação apresenta as aprendizagens de empresários que enfrentaram estes desafios com sucesso. Para chegar a estas inferências, foram reunidos dados qualitativos, provenientes de entrevistas. Além disso, este estudo analisa o impacto dos grandes comerciais no desenvolvimento do comércio local e nas comunidades, assim como o caráter da relação entre os fornecedores locais e as entidades retalhistas. As principais conclusões sublinham que as empresas que estrategicamente dão prioridade à inovação e à identidade regional tendem a alcançar maior sucesso e envolvimento com a comunidade, demonstrando assim um multiplicador local mais pronunciado. Recomendações propostas para os empresários locais incluem o desenvolvimento de um plano de negócios abrangente e atualizado, investimento no digital e proatividade na procura de apoio financeiro. Os dados revelaram alguma tensão quando o tema dos gigantes retalhistas surgiu nas entrevistas, abrangendo questões como preços, margens de lucro, compromissos de qualidade e a incapacidade de promover uma marca diferenciadora. No entanto, os dados sublinham que a dependência dos fornecedores em relação aos retalhistas é clara, sobretudo quando os fornecedores têm o objetivo de aumentar a produção. Assim sendo, sugere-se que os gigantes de retalho apostem em melhorar as relações com fornecedores locais, e um dos pontos mais relevantes passa por redefinir alguns dos parâmetros adotados pelos comerciais.

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Palavras-chave: empreendedores locais, comunidade, grandes retalhistas, entrevistas, multiplicador local, envolvimento com a comunidade, inovação, plano de negócios

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1. Introduction

“We care deeply about the shops and people in our daily lives, but we do not know how to apply this intention to our own money. We want to support our local businesspeople, our city’s infrastructure, our neighbours, and our kids, and yet when it comes to our money, we happily surrender it to financiers hundreds or thousands of miles away.” (Shuman, 2022).

When exploring the complex balance between local character and global enterprise, communities must ensure that their uniqueness isn’t lost to the overwhelming mass commerce. As Zig Ziglar once stated, “You don’t build a business. You build people, and people build the business.”, but what is left if the people sense of community and purpose is lost? As Shuman stated, the issue is not in our intentions but in our daily purchases and actions.

Looking at the current statistics on small businesses, 20% of the businesses fail after one year, 30% after two years and 50% after five years. The main reason for these figures appears to be lack of market demand, reinforcing the importance of benchmarking the local necessity, even though local shocks could be hard to predict, such as the opening of big chains in the surrounding areas. Apart from that, nearly 1 out of 3 small businesses still don’t have a website and the millennials own just 7% of the small businesses in the U.S. (Main, 2022). In Portugal, there were 945,649 SMEs (Small and medium-sized enterprises) in operation, most of them being micro-sized, employing between zero to nine people and in total accounting for approximately 2.77 million jobs. The value added by SMEs amounted to 67 billion euros in 2022 and 61.1 billion in 2021 (Statista, 2023). An issue presented by Digital Economy and Society Index is Portuguese population has a low level of digital skills, which may explain some of the lack of investment in ecommerce and website for small businesses. This problem gains especial relevance when over 25% of the business is conducted online and over 75% of the typical online shoppers check a business website before looking for their physical location (Main, 2022). Nevertheless, in 2019, SMEs comprised 99.7% of the total number of enterprises in Portugal, representing 71.8% of the labour force, 57.7% of turnover and 82.8% of investment volumes, demonstrating a high country dependency on entrepreneurs’ success.

This study attempts to explain how the diminishment of locally owned enterprises impacts the overall well-being of the communities in which they are inserted, mainly focusing in the economic landscape and preservation of the cultural heritage, in the long term perspective.

One of the factors in which this paper aims to focus is on how the diminishment of local businesses can be connected with the expansion of the mass merchandisers.

In the following chapters, this paper will give an overview of the academic research that already exists available (2), latter perceives to describe the collected qualitative data, in the form of interviews, with the intention of understanding the several perspectives present in the market (3), pursuing with analysing the interviews by exploring a coding frame which consists in creating main categories and subcategories to evaluate and structure the results (4) and concluding with the main findings & key takeaways, as well as the limitations encountered and future research opportunities that could help overcome those challenges (5).

2. Literature Review

The following chapter approaches the theoretical foundations of the current trend of diminishment of locally owned enterprises within small communities, mainly due to the expansion of mass merchandisers. Additionally, how that impacts the regions in which this transition takes place, both in terms of economic landscape and preservation of the cultural heritage. The literature review is divided in five sections: Importance of regional identity, Main benefits local businesses bring to the community, Big box retailers expansion in the community, Adversities of a local entrepreneur nowadays and Future strategy to maintain/increase the number of local businesses and challenges.

2.1.Importance of regional identity

Sense of place corresponds to the human attachment or connection to a specific place, a sense of home. The demographic qualities of residents and interpretive residential affiliations are critical to dwelling identity and to create social participation. By promoting social participation, communities are promoting regional identity. While there is no relevant connection between duration of residence and place attachment, frequency of participation in social and economic activities downtown is one of the qualities of residents and affiliations that increases individuals place attachment the most. Therefore, if the community is stimulated into this sense of placement and regional identity, they will most likely want to be active in the society, creating a positive loop. When gaining a bigger sense of place and attachment, individuals are more likely to give back to the society and be motivated into participating in economic activities (Paradis, 2000).

Due to the evident decline in local entrepreneurial activity, more localism movements and strategies are gaining importance, with the aim of prioritizing local businesses and products

over non-local ones, fostering self-reliance, sustainability and community engagement. Therefore, by increasing the local urban initiatives, the communities can become healthier and more connected and resilient. Nevertheless, it is crucial to bear in mind that fostering local economies doesn't mean shutting out to the world, but creating communities that are able to engage with the global markets in their own terms (Hess, 2009).

2.2. Main benefits local businesses bring to the community

Local businesses contribute to the alleviation of poverty while maintaining and preserving the local communities in which they are inserted. Like previously stated, local enterprises create a positive loop for the communities. Therefore, localism could be a path to economic justice, providing better wages and work conditions, diverging from the mainstream global supply chain typical standards (Hess, 2009).

Furthermore, money spent at a local business can be more economically efficient and beneficial for the community, when in comparison to the one spent at a big box retailer. This effect refers to the local multiplier, which predicts that when money is spent at a local business, a higher proportion of it remains and recirculates within the local economy, which contrasts to money spent at a non-local business, that often leaves the local economy. This happens as local enterprises typically have a shorter supply chain, employ local employees and use more local services. The size of the multiplier depends on several factors, mainly the ones associated with the behaviour the local establishment assumes. A dollar spent at a local business can generate two to four times more economic benefit in the community than a dollar spent at a non-local enterprise, depending in the local reinvestment, local ownership, supply chain considerations, among other factors. This contributes to a better economic performance in the long-run, assuring more jobs and better wages (Shuman, 2007).

The consequences of the multiplier effect show to be more relevant in the demand-driven side, as the arrival of a new company represents an increase in the income and employment at other companies in the geographic area, enabling its suppliers to grow as well (figure 1). In the long-term, this may result in an increase in the purchasing power of households, which leads to an increase in consumption, creating a positive full circle in the local economy. In companies with local ownership the multiplier proves, once again, to be stronger due to the extensive linkages within companies and suppliers (Domański & Gwosdz, 2018).

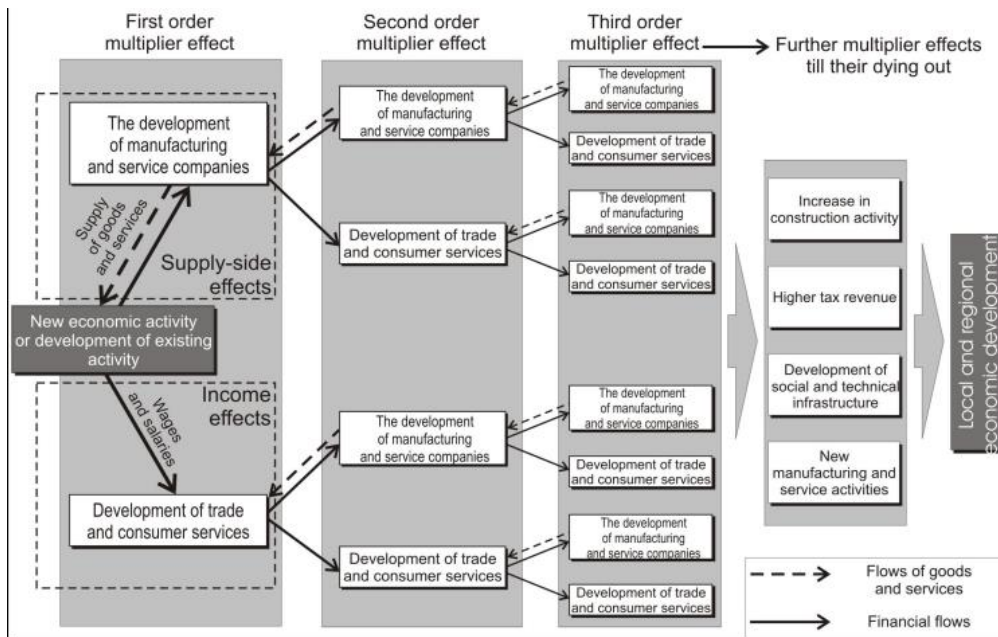


Figure 1- Domanski & Gwosds, 2018

2.3. Big box retailers expansion in the community

The literature focus much of its research in the giant Wall-Mart and in the resulting effects of its expansion in the United States. The Wall-Mart takeover in the US effects could be comparable to the ones in developed countries facing the expansion of similar Big box retailers, such as the case of Portugal with the giants Sonae, Jerónimo Martins, LIDL, among others.

When addressing the entry of big chains, local officials tend to focus only on the short term benefits, such as an increase in the employment and increase in the tax base. Due to those quick wins, officials often offer attractive incentives when recruiting mass merchandisers, but many studies show in the long term the opposite effect can be seen (Stone, 1997). Unarguably, big retailers brought both costs and benefits to local communities, studies argue that while the average household food expenditures may be reduced by 25%, retail wages of workers decrease around 7.5% (Irwin & Clark, 2007) .

Theoretical foundations show that the entry of Wall-Mart into the nonmetropolitan markets reduces growth grocery sales by nearly 17 percentage points within 2 years of entry (Artz & Stone, 2006). Big retailers provide lower prices to the consumers, increasing the competitive pressure and therefore also decreasing the prices that consumers pay even when shopping in the stores in the surrounding area. Particularly in rural areas, local enterprises can't compete with those prices, therefore big retailers capture a significant amount of the existing retailers

in the host community. Small producers make room for larger ones (Basker, 2007). Additionally, studies focused on the communities social capital and economic growth, show a decrease in a combination of factors when in the presence of Wall-Mart, such as, voter turnout and participation in community organizations. These factors lead to a consequential decrease in trust and ability to garner support and resources for local initiatives, as well as a lower economic growth in the long-run. This can be confirmed due to local business displacement and wage pressures, the jobs provided by Wall-Mart are many times offset by the losses in other local businesses and may exert downward pressure on local wage standards (Goetz & Rupasingh, 2006).

2.4.Adversities of a local entrepreneur nowadays

Currently, most of the theoretical research on entrepreneurship separates social, political and environmental factors from the economic dimension. Therefore, there is a lack of standards and best practices for both local entrepreneurs and officials to follow when aiming to develop and foster local enterprises (Peredo & Chrisman, 2006). Peredo and Chrisman studied how Community-Based enterprises can be a sustainable way of growth for the local economies, but can't regular local enterprises fulfil the same role, while being economically successful and profitable, if the goal changes from quick wins to a long term economically sustainable perspective?

Beyond that, rural entrepreneurship faces several challenges that metropolitan ones don't, both structurally, mainly the distance from production centers and markets, and socially, rural areas tend to be less open to new and innovative ideas. Even though their challenges are clear and to overcome them extra efforts must be done, there are also benefits such as tightly bonded nature of communities and limited market competition (De Guzman et al., 2020).

Considering the incremental efforts that a local entrepreneur faces, was developed in Portugal an incubator of business ideas in rural communities (CRER). CRER represents an entrepreneurial support organization, that could be applied in other European regions, allowing for potential entrepreneurs to test business concepts without needing to formally establish a company. This methodology allows for the entrepreneurs to address the common challenges of opening a business, such as access capital and information scarcity, and at the same time the ones more closely related with the rural areas, in which each case has different specifications. When approaching the rural areas challenges, the project considered that there are two very different scenarios, one of more developed rural areas due to closeness to a main

economic center and other of remoter areas suffering from depopulation and infrastructural inadequacies (Moreira & Da Silva Martins, 2009).

2.5.Future strategy to maintain/ increase the number of local businesses & challenges

To foster local enterprises and economy, one of the core future strategies could pass by betting in the youth. Rural youth have the potential to make unique contributions to business development, since it shows to be more open to new and innovative ideas. Moreover, youth lacks in business skills and hands-on experience and therefore there is the necessity of including them in the business environment to stimulate their interest (De Guzman et al., 2020).

While it is extremely relevant to foster the involvement of the community in the local economy, a huge part of creating a sustainable strategy to enlarge local enterprises passes through the action of the officials, both in a local and national manner (or even internationally, as this is an issue of a larger scale, especially in developed countries). A possible way of action is to support financially local enterprises, predominantly those that have a higher local multiplier ratio. As the local multiplier is a theoretical term, may be difficult to reach absolute values, therefore businesses should be analyzed and selected based on the criteria previously described to reach a higher ratio (Shuman, 2007). Furthermore, policies that encourage local governments and institutions to source goods and services from local suppliers; land trust/ community owned allowing for land that isn't being used to be lend for a special price if following certain criteria; development of platforms and initiatives that allow local residents to invest directly in local businesses; and advocacy programs with the aim of educating residents about the benefits of supporting and buying local and its impacts in the community economic environment, are alternative ways for officials to cultivate and boost the local economy (Shuman, 1998).

In addition, credit unions and community banks play a crucial role in providing financial services to local businesses and households by prioritizing local investments. These institutions have an intimate knowledge of the local market which can lead to better support when in comparison to larger banks, which is especially relevant in developed countries where large institutions may not care to the specific needs of local businesses. There is evidence that suggest countries with a strong community banking sector tend to have better economic performance as the local insight advantage can lead to a more efficient capital allocation (Berger et al., 2004). This type of institutions are more common in the U.S., with

the successful example of Carver Federal Savings Bank, in which for every dollar deposited, Carver reinvests \$0.80 back into the community, far above the industry average (George, 2023). In Portugal, the main institution that resembles the previously described is Caixa Central de Crédito Agrícola Mútuo (CCAM), a cooperative bank somewhat similar to credit unions, part of the Crédito Agrícola Group. CCAM has been considered an important alternative to the big banks in supporting local communities as to each region in Portugal there is associated a specific CCAM, operating with a clearer understanding of the needs of each area (“Crédito Agrícola,” n.d.).

Addressing a more polarizing manner, another potential strategy to foster local economic growth is the use of a local currency with the aim of encouraging to spent within the community, increasing the resilience against broader economic downturns and at the same time fostering the identity and pride of the region (Shuman, 1998). A portion of the authors consider this solution not to be an effective tool and as an utopian solution, that would mostly work in the favour of the elites (Dittmer, 2013). There are several examples of local currencies, one of the most known ones is the Bristol Pound. The Bristol pound was launched in 2012 as a local currency in Bristol but faced several challenges such as the complexity and the fundamental reforms in the monetary institutions that would be necessary as well as some of resistance in local businesses/consumers in adopting this new form of currency (Marshall & O’Neill, 2018). It was later officially discontinued in 2020. Nonetheless, there is also the example of WIR, a Swiss currency, which is the oldest, created in 1934, and possibly the most important complementary currency still in circulation, used currently by approximately 60,000 small and medium-sized businesses. It works as a private economic circle that is estimated to result in a 5% increase in turnover for the companies that use WIR (Kalinowski, 2011).

Concluding, careful attention should be given to resilience strategies, considering potential economic shocks, such as pandemics, war and economic downturns. Is extremely important the community has the ability to recover to external shocks through local economic empowerment (Shuman, 1998).

3. Methodology

In the next chapter, will be explained the chosen methodology approached to the development of this study. The literature previously stated presents a general overview of the current academic information on the research topic but in order to reach conclusions is important to

fill the current theoretical gap by collecting more data. The methodology chapter includes: the research method chosen, a description of the interview selection criteria and the overall structure of the interview process, concluding with the data evaluation & analysis. In the next chapter there will be presented the findings that it was possible to reach due to the data collected in this section.

3.1. Research Method

In order to comprehensively investigate the ramifications of the diminishment of locally owned enterprises within small communities and the overall well-being of the regions affected, this study employed an approach centered on qualitative data collection. The definition of qualitative research could be widely described as “a set of interpretive activities that seek to understand the situated meaning behind actions and behaviors and rely heavily on the researcher as a unique interpreter of the data” (Sinkovics & Alfoldi, 2012). Therefore, as the main goal of this thesis is to delve into the multifaced impact on the overall well-being of the regions affected, as well as understanding the role established companies could play in it, is important to understand the actions and behaviors of key stakeholders. As the research question approached in this study seeks to open a discussion around an ongoing challenge and an emerging industry trend in the market is essential to use a method that allows for a certain subjectivity and interpretation.

Therefore, the methodology adopted for this research involved conducting a series of interviews with key stakeholders representing diverse perspectives on this issue. The interviewees encompassed representatives from mass merchandisers, significant corporations with regional roots, and small local businesses. A total of 10 in-depth interviews were conducted, each offering valuable insights into the intricate dynamics shaping the socio-economic fabric of these communities. Through this methodological approach, we aim to provide a nuanced understanding of the complexities surrounding the impact of shifting business landscapes on the well-being of small communities.

3.2. Interviews

3.2.1. Selection Criteria for interviews

When selecting the interviewees, is important that the researcher understands the interviewee’s subjective perspective of a phenomenon rather than the generalizing the understandings of large groups of people (McGrath et al., 2018). That is the reasoning behind selecting interviewees from different areas of the scope: mass merchandisers, significant

corporations (from very different dimensions) with regional roots, and small local businesses. With this approach, three very different perspectives on the topic are examined, providing a wider range of results.

Following the perspective of *the local businesses* (table 1), three interviews were conducted. The presented businesses were selected for their diverse foundations and baselines. Retiro Azul, a restaurant and hotel with over 50 years of operation, stands as cornerstone business in Palmela, representing the resilience of a family that has persevered through various challenges, from the financial crisis to the pandemic. Throughout the years, the establishment has consistently aimed to preserve the tradition and conserve its loyal clientele. In the middle ground, we find Arrabidine, harmonizing innovation with tradition. Rooted in family recipes, Arrabidine has readapted them to suit the contemporary current market demands, crafting niche high-quality products. It serves as an example of how traditional businesses can elevate themselves by combining the region identity with prevailing market needs and gaps. Lastly, Nãm represents a five-year-old project, characterized by its complete innovation and groundbreaking approach focused on the circular economy. Even though it doesn't follow the conventional path of a local business, Nãm is dedicated to selling within a range of 10km, prioritizing the local economy and reinvesting its expenditures in the respective area of operation.

Concerning the *significant corporations with regional roots* (table 2), the interviewed companies showcase a broad spectrum of diversity, both in terms of size and impact on the region. Grupo Pestana, a vast hotel chain in Portugal and globally renowned, assumes particular importance in our study due to its partial ownership of Pousadas de Portugal, which hold substantial relevance for the development of historical small communities in Portugal. Autojan is an international company under French ownership, with the majority of the market share in Portugal within its field of expertise, based in Sintra. Aquinos Group, Ermelinda de Freitas and Grupo Mendes Gonçalves represent aspiring family businesses that have evolved into major players, within their respective area of expertise, while maintaining the commitment to giving back to the communities in which they are rooted.

Regarding *mass merchandisers* (table 2), the three major chains with the highest market share in Portugal were approached. From these three, two accepted to be interviewed. From Lidl, was interviewed Nuno Rodrigues, the Commercial Manager, and from Jerónimo Martins, Carlos Machado, holding the position of Regional Buyer. The selection criteria emphasized

the importance on the interviewees having insights regarding how the regional purchases were proceed, along with comprehensive understanding of the general work environment and ethical considerations. In both cases, the interviewees exhibited exceptional knowledge on the topic and displayed complete availability for the interviews.

Interview nr	Company	Industry	Founded	Headquarter	Operating	Employees	Purpose
1	<i>A Casa do Arrabidine</i>	Spiritual drinks	2013	Portugal, Palmela	Mainly Regionally	3	Sell an experience by presenting family drinks with regional and high quality products
2	<i>Retiro Azul</i>	Hotel & Coffee Services	1973	Portugal, Palmela	Regionally	9	Maintain the family business and prioritize contact with the people from the region
3	<i>Nãm</i>	Food	2018	Portugal, Lisboa	Mainly Regionally	12	Prove that waste doesn't exist, as it doesn't exist in nature, and show that the same principles of nature can be applied to the economy.

Table 1-Local Enterprises

Interview nr	Company	Industry	Founded	Headquarter	Operating	Employees	Purpose
4	<i>Aquinos Group</i>	Comfort	1985	Portugal, Tábua	Globally	3 500	The goal was always to innovate and expand, and that continues to be the aim of the company until today.
5	<i>Grupo Pestana</i>	Hospitality	1972	Portugal, Funchal	Globally	5 500	Make people happy, giving them a unique experience and the time of their lives
6	<i>Grupo Mendes Gonçalves</i>	Food	1982	Portugal, Golegã	Globally but mainly nationally	370	Bet on innovation and differentiation while maintaining their regional roots and promote Golegã
7	<i>Ermelinda de Freitas</i>	Wine	1997	Portugal, Palmela	Mainly nationally	101	Development of the business of wine in the region, creating jobs and valuing the rural environment in and creating valued added for the brand
8	<i>AutoJan</i>	Labels & Stickers	1996	Portugal, Sintra	Globally	82	Constant upgrade and development of their area of expertise

Table 2- Significant Corporations with Regional Roots

Interview nr	Company	Industry	Founded	Headquarter	Operating	Employees	Purpose
9	<i>Jerónimo Martins</i>	Retail	1792	Portugal, Lisboa	Globally	131 000	Allaying competitive prices with quality
10	<i>Lidl</i>	Retail	1932	Germany, Neckarsulm	Globally	310 000	Allaying competitive prices with quality

Table 3- Mass Merchandisers

Interview nr	Company	Interviewee	Role	Location	Experience in the company
1	<i>A Casa do Arrabidine</i>	Sofia Fortuna	Owner	Portugal, Palmela	10 years
2	<i>Retiro Azul</i>	Olímpia Pereira	Owner	Portugal, Palmela	50 years
3	<i>Nãm</i>	Natan Jacquem	Owner	Portugal, Lisbon	5 years
4	<i>Aquinos Group</i>	Ricardo Pinto	Key Account Manager	Portugal, Tábua	5 years
5	<i>Grupo Pestana</i>	Luís Lopes	Member of the board	Portugal, Lisbon	32 years
6	<i>Grupo Mendes Gonçalves</i>	Rita Macedo	Project & Brand Manager	Portugal, Gole	3 years
7	<i>Ermelinda de Freitas</i>	Leonor de Freitas	Owner	Portugal, Palmela	26 years
8	<i>Autojan</i>	Susana Marques	Human Resources Director	Portugal, Sintra	25 years
9	<i>Jerónimo Martins</i>	Carlos Machado	Regional Buyer	Portugal, Algarve	7 years
10	<i>Lidl</i>	Nuno Rodrigues	Commercial Manager	Portugal, Lisbon	19 years

Table 4- Full list of Interviews

3.2.2. Interview Structure & Process

Qualitative interviews can be unstructured, semi-structured or fully structured (McGrath et al., 2018). The approach chosen was a semi-structured interview style. Prior to the beginning of the interviews stage, was developed a draft of the relevant questions for each company, adjusted to the perspective in which they were associated, meaning there was created three different drafts for the three different areas of the scope (local business, significant corporations with regional roots, mass merchandisers). These questions were adapted as the interviews were conducted and adjusted to the specific features and characteristics of each company. Throughout the interviews, various questions were raised while others were omitted, depending on the path the discussions followed. At the end, there was always provided time for open-ended discussions, fostering more opinion-based conversations. In addition from the formal interviews, informal conversations were conducted, allowing for a deeper understanding of the internal environment and dynamics within each company. This approach provided a certain level of consistency within the interviews, offering an organizational framework to guide the interview while, simultaneously, allowing for space for flexibility and adaptation, fostering the conditions to have a more detailed and tailored vision of each company.

The interviews were conducted within a one month time span, from October 26 to November 29, 2023. Throughout this period, natural evolution occurred in adjusting the questions and the interview guide until reaching an optimized state. Some questions might have been subject to misunderstanding, while others to be irrelevant or outside the scope of the research question (McGrath et al., 2018).

The preparation of the researcher for an interview is crucial, as successful interviews start with careful planning that takes into account the focus and scope of the research question (McGrath et al., 2018). To all interviews conducted there was a pre-work associated with research on the company and on the interviewee. The research was oriented towards the factors correlated with the problem statement. An illustrative example is Grupo Pestana. While it is important to have a general overview of the company, including their core business and morals, the primary focus was their ownership in Pousadas de Portugal, as data on that topic would be extremely valuable to comprehend their action and impact in communities.

Before conducting the first interviews, there were organized trials, to test timings and fluency of speech, mainly with other researchers, that served as critical volunteers.

3.3.Data Evaluation & Analysis

All the interviews were taped, with the authorization of the interviewee, and later on narrated and interpreted. Qualitative research is interpretive in three ways: symbolic material that requires interpretation, different interpretations of the same material can be valid, and deals with research questions exploring personal or social meanings (Schreier, 2012). The last point requires therefore considering cultural and power dimensions of the interview situation (McGrath et al., 2018). The interview recordings were later transcribed by relistening to the tapes. It was a personal decision to not use a software application, which only was possible since it was a doable amount of interviews, with the aim of avoiding to loose information that could be crucial.

Focusing on the research question, was developed a coding frame (table 5). A coding frame is a way of structuring your material. It consists of main categories (dimensions) from the scope of the research, specifying relevant aspects and pointing out subcategories for each main category (Schreier, 2012).

Business	Mass Merchandiser	Community	Competition
-Business Planning; -Sustainability of the business; -Regional identity of the business; -Innovative level of the business; -Social Participation; -External support; -Digital Dimension.	-Different types of mass merchandisers according to the sector; -Quality & price as core values; -National products vs regional products approach.	-Synergies with other local entrepreneurial activities; -Economic gains for the community; -Local multiplier.	-Competition within local businesses; -Competition within local and mass merchandiser -Trade off size & dependence.

Table 5- Coding Frame

4. Findings & Discussion

Coming back to the problem statement: *How does the diminishment of locally owned enterprises, mainly as a result of the expansion of mass merchandisers, impacts the overall well-being of the regions in which they are inserted, both in terms of economic landscape and preservation of the cultural heritage?*

Having in consideration the interviews conducted, it is possible to split this problem statement into four main dimensions: Business, Community, Competition and Mass Merchandiser, as it was presented in table 5, in the previous chapter.

4.1. Business Dimension

In the business dimension the focus was on understanding the main features of the businesses interviewed, which represents a small sample of the existing businesses.

A factor that was referred in the interview of Sofia Fortuna, owner of Arrabidine, (interview 1) was the necessity of a *business plan*. According to a survey conducted by Wells Fargo in 2015, only one third of business owners said they have a formal business plan, yet those are the ones that have a significant higher expectation for the year ahead. It would be intriguing to conduct a similar survey among local business owners in Portugal. Assuming comparable values, addressing these aspects presents a clear opportunity for potential development. This initiative could contribute to mitigate the concerning statistics that state that 20% of the businesses fail after one year, 30% after two years and 50% after five years (Main, 2022). For instance, in Sofia's case, having a clear business plan enable her to apply for an European Union fund, which contributed with 60% of the initial capital to launch the business. The predefined structure provided her more certainty about her target niche customer group and also helped in shaping the portfolio she wanted to present.

One subcategory that stands out as particularly important is the *sustainability of the business*. This was a point covered with most interviewees, namely by Luís Castanheira Lopes, from Grupo Pestana, (interview 5). Luís explained the concept of Pousadas de Portugal, and how closely connected with the communities they are. Nevertheless, their main focus is always the demand and the clients interest and needs, as the business has to be profitable, or at least have perspectives of profitability in the future, otherwise they won't sustain their activities.

Regarding *Regional Identity of the Business*, this is one of the main points of study in this paper. Coming back to Pousadas de Portugal example (in interview 5), Luís clarified that whenever they choose a new location, they intend to preserve the origins and traditions of that community, from rehabilitating buildings to incorporating traditional characteristics of the community in the establishment. For instance, Luís referred to the example of Pousada de Palmela. The restaurant sells *sopa caramelada*, a typical dish from the region, and offers the possibility of drinking a cup of "Moscatel de Setúbal" in the 360° view of the castle. Those are immersive experiences, that add exceptionally high value to the Pousada, challenging to quantify. In the interview with Dona Olímpia (interview 2), owner of Retiro Azul for over 50 years, the regional identity is present in the type of unique products they sell and on the human touch that each typical customer is already expecting when visiting the coffee and the

hotel. In interview 1, with Sofia Fortuna, she described how she used her family recipe with natural ingredients from the region to come back to the market, highlighting the importance of the preservation of the nature from which the products come from, mainly to the wellbeing of the community, as she described her portfolio has “liquid culture”. Both Leonor de Freitas, owner of Ermelinda de Freitas (interview 7), and Rita Macedo, project & brand manager in Grupo Mendes Gonçalves (interview 6), were extremely enriching in this topic, as they represent exceedingly well positioned companies, that never forgot their origins, and make sure to continuously give back to the society. Ermelinda de Freitas, for instance, has the compromise to only use grapes from the region and both companies gave examples of employees that they have from the very beginning that are part of the history of the brands.

Concerning the *innovative level of the business*, there were two interviews that stood out. Interview 1, with Sofia Fortuna, and Interview 3, with Natan Jacquemin (owner of Nãm). In Sofia Fortuna interview, she referred that she used her family recipes, but she adapted them according to market trends in an innovative way. For instance, she developed a liquor called Bicabagaço, which is in allusion to the typical Portuguese tradition of “café com cheirinho”, but she adapted the level of alcohol so that it would follow the current consumer trends and needs. In Natan Jacquemin interview, all the approach was very enriching, with their core business being to produce mushrooms in the capital centre by recycling used coffee grounds. Nãm is focused on a circular economy approach and their goal is to sell most of his production to a 10 km range of distance.

Regarding *social participation*, almost all of the interviewed companies show interest in developing social pro bono initiatives. During interviews 7 and 6, with Ermelinda de Freitas and Grupo Mendes Gonçalves, both companies described several projects they develop on a yearly basis, mainly directed to fostering the local economy and social wellbeing of the communities in which they are inserted, which again, proves how regional oriented they are. The mass merchandisers interviewed, Lidl and Jerónimo Martins (JM), also referred to social projects community related. Lidl described a process of potential financial support to local producers and JM referred to a project in which each store was given 1000 euros to donate to a social identity, chosen by the store and the customers.

Regarding *external support*, there were presented two very different but effective examples, in interview 1 and 3. In interview 1, as it was previously referred, Sofia Fortuna had an initial support of 60%, which represented 123 000 euros. This fund was provided by the European

Union, with the rubric of creation of new local businesses. Sofia described the process of applying as very complex, bureaucratic and circumstantial. She referred that she had to use a full month exclusively focusing on taking care of the process in order to properly fill it out. At the end, this fund was extremely important. Came with certain obligations, but none of them including losing ownership of her business. In interview 3, with Natan Jacquemin, he received support and funding from Delta. Natan Jacquemin described the relationship with Delta as very healthy and beneficial, as they are a family business that intend to maintain certain core values that allow for a more transparent relationship. This deal came with more than financial support, as Delta brought a lot of networking opportunities for Natan's business. Nevertheless, he admits that part of the control was lost, as this deal came with partial ownership transfer. Natan Jacquemin didn't see this as a problem since he is a young entrepreneur that appreciates the support in his first company.

Lastly on the Business dimension, there was evaluated the *Digital* subcategory. Some interviewees characterized the digital as the most democratic way of competition, while others held contrasting views. In interview 4, 5 and 8 (with Aquinos Group, Grupo Pestana and Autojan), the interviewees expressed their perspective favoring the democratic nature of digital tools and emphasized that it does not necessarily confer a competitive advantage, given its widespread adaptation across businesses. Conversely, in interview 1 and 3, with Arrabidine and Nãm, interviewees highlighted the difficulty in establishing a well-organized and structured online platform. In the interview with Sofia Fortuna, owner of Arrabidine, (interview 1), she alluded to absolute values, stating that in 2013, the cost of setting up the website was 3 000 euros, and in 2020, the addition of an online shop would have an annual cost of 4 000 euros. Such financial considerations can represent a significant barrier to the development of a small business. Dona Olímpia, owner of Retiro Azul (interview 2), stated that they are present in social media but didn't have an online website. In light of this insights, we were able to split the digital subcategory in digital sales and digital marketing. The importance of each component seemed to depend both on the size of the company and on the sector. For instance, in interview 6, with Grupo Mendes Gonçalves, Rita Macedo referred that prior to the pandemic, digital was mainly a marketing tool, as traditional sale channels played a predominant role. However, the pandemic brought awareness regarding the importance of the digital stores in today's business landscape.

4.2. Community Dimension

In the community dimension the focus was on understanding the impact the interviewed businesses represent in the community in which they are inserted. With the sample we collected it will be possible to understand how different companies, with different sizes and regional roots, impact differently the community.

The three factors previously referred in the coding frame were *economic gains, synergies with other local entrepreneurial activities and the local multiplier*. The three factors are highly correlated, since the local multiplier, evaluates the percentage of money that recirculates in the economy, which depends on the economic gains brought to the community by that local business (local employees, local suppliers, investment in infrastructures, among several other factors) and on the synergies created among other businesses.

For the sake of simplicity we will evaluate this topic having in consideration the three different perspectives of the scope, meaning *mass merchandisers, significant corporations (from very different dimensions) with regional roots, and small local businesses*.

Starting with the small local businesses (interview 1, 2 and 3). All three interviews highlighted that their employees and suppliers are from the region. Additionally, when is necessary to develop extra activities they get in touch with local companies. In the case of Sofia Fortuna, owner of Arrabidine (interview 1), the company actively forms partnerships with local businesses in order to extend and diversify the portfolio available in her physical store, aiming to create an environment of regional diversity for her customers. This goes beyond the typical economic gains that a business creates for the society. In interview 3, with Natan Jacquemin, owner of Nãm, he predominantly collaborates with local restaurants, striving to operate within 10 km. He considers that he is contributing to the recirculation of money in the economy. From a qualitative standpoint, all the three companies appear to have a very high local multiplier.

Analyzing significant corporations with regional roots (interviews 4,5,6,7 and 8), it is evident that these companies, given their substantial size, naturally contribute in generating employment and fostering synergies with other businesses. The workforce employed by these companies, ranging from 82 to 5 500 employees, influences the community consumption, contributing to the local economy. Even employees that aren't from the region, must fulfill their daily expenses within the region. Despite Aquinos Group and Grupo Pestana (interview 4 and 5) being potentially classified as mass merchandisers within their sector, their

activeness in the society and maintenance of the headquarters in the region of their origin, justified their inclusion in this category. Ermelinda de Freitas and Grupo Mendes Gonçalves (interview 7 and 6) demonstrate a notably high local multiplier. These companies exhibit a strong interest in supporting the communities in which they operate. For example, Ermelinda de Freitas, actively supports more than 141 local farmers from other wineries of the region by purchasing their grapes and wine, thereby making a significant contribution to the local community. The entire interview was directed towards the company's dedication to fostering the region and cultivating respect and consideration for the agriculture sector. Similarly, Grupo Mendes Gonçalves, collaborates closely with local authorities and consistently demonstrate availability to support the region in their primary needs at the time.

The mass merchandisers impact on local communities will be further explored in the subsequent discussion on the mass merchandiser dimension.

4.3.Competition Dimension

Competition-wise, a key takeaway derived from the interviews is that *competition within regional SMEs* is perceived as healthy, fostering the development of local enterprises through a supportive and beneficial coexistence. In interview 7, the owner of Ermelinda de Freitas, Leonor de Freitas, emphasized the belief there is space in the market for all participants, and the success of one stimulates the success of others. Sofia Fortuna, owner of Arrabidine (in interview 1), shared a similar opinion, expressing that the liquors and wines produced in the region, do not create an unhealthy competition environment. Instead, she noted the primary and more complex competition arises from liquors produced in Lisbon, as they have the resources to promote their products to a much broader audience.

In the context of competition between the mass merchandisers and the local businesses, the takeaways are extremely different. Leonor de Freitas, owner of Ermelinda de Freitas (interview 7), emphasized the necessity of a certain level of preparation and attention when negotiating with the mass merchandisers, due to the high price pressure inherent in the mass market. She pointed out that the typical mass merchandiser consumer seeks products from a smaller price range, and any decrease in the profit margin is paid by the brand itself. Additionally, Leonor noted a sense of replaceability that makes the business owners fear the mass merchandisers. In Aquinos Group interview (interview 4), Ricardo Pinto cited similar factors, including negotiations of more than seven hours dedicated to discussing margins and prices. In the interviews with Natan Jacquemin (interview 3), and Sofia Fortuna (interview 1),

a shared perspective emerged regarding the decision to not engage with mass merchandisers. Both showed reluctance to collaborate with mass merchandisers as they don't believe in the ability of these entities to effectively sell their products, beyond price negotiations or pressure concessions. Natan Jacquemin emphasized that in order to protect the brand, he would never sell his product to a reseller who doesn't comprehend the associated values and core principles. Sofia Fortuna shared a previous approach from Sonae to create a product, exclusively for them, with a redefined quality and price, only for Continente of Palmela. The owner of Arrabidine considers that such arrangement could compromise her core business, offering limited benefits in comparison to the disadvantages.

Another unequivocal conclusion from the interviews is that there is an evident trade-off between the size and the dependability of the company on establishing a presence within mass merchandisers. This implies that as a company expands, the more their business is expected to engage with a mass merchandisers to facilitate scaling up the production. Simultaneously, as a business grows, its ability to negotiate contracts and enhance bargaining power also increases, as well as the awareness and proficiency in negotiating conditions that improve their stability and results with mass merchandisers. This topic was discussed in several interviews, such as with Ermelinda de Freitas (interview 7) and Aquinos Group (interview 4). Both entities confirmed this was their experience over the years.

4.4. Mass Merchandiser Dimension

In the literature review, the primary focus was on the retail mass merchandisers. However, there are various big players, depending on the sector, exerting influence on the communities in which they operate. For example, in the interview with Aquinos Group (interview 4), Ricardo Pinto referred to IKEA, Conforama and Emma as giants in the comfort sector. He mentioned that engaging with these companies involved very long and intricate negotiations.

Focusing in the retail mass merchandisers, the two big players interviewed, Jerónimo Martins (JM) and LIDL (interview 9 and 10), both presented similar core values and purposes, centered around the best possible ratio between quality and price. Some other similarities were encountered between the two companies, but many differences as well. One clear distinction in their approaches to regional products, is that Carlos Machado, from JM, states clearly that regional products exhibit higher quality. In contrast, Nuno Rodrigues, representing LIDL, considers that all products present in their stores have a consistently high level of quality, without making a differentiation between national/regional products.

Both companies, in their official documents, refer to regional products as national products. This means that a regional product from one part of Portugal, such as “tortas de azeitão” from Azeitão, would be considered a regional product in another part of Portugal, such as Porto. There is no differentiation between the origin of the product within the country. With this being said, Carlos Machado, the individual interviewed from JM, holds the position of regional buyer of the region of Algarve and Baixo Alentejo. This is a newly established role in the group, developed to identify and engage with new local suppliers for specific stores where having a differentiator regional product makes strategic sense. This practice diverges from LIDL’s approach, as LIDL exclusively collaborates with suppliers that are capable of supplying a significant number of stores. Working with suppliers for a small number of stores is not something they are willing to adopt.

Both companies stated that they consider to contribute to the development of the communities in which they were inserted, mainly by creating jobs and increasing the community purchasing power. However, Carlos Machado, from JM, explained how he would reach new local suppliers when opening a new location, while Nuno Rodrigues, from LIDL, stated that opening a new location wouldn’t motivate looking for local suppliers, as they are not looking for suppliers for specific locations. Another significant factor that Carlos Machado highlighted is that the inclusion of these regional products provides a substantial advantage for JM. These products serve as differentiating factors, as consumers may choose specific JM stores with the intent of seeking out unique offerings, and complete the rest of their purchases there. Nuno Rodrigues mentioned one of the major advantages for LIDL being the ability to offer to national suppliers the opportunity to scale up and sell in their other stores outside of Portugal. Since LIDL has an extensive presence globally, suppliers could gain the opportunity of expanding beyond the domestic market.

In the discussion of aspects for improvement, Carlos Machado from JM highlighted that commercials, who handle most of the negotiations, have the same amount of work when processing a local supplier and a large supplier. This means that sometimes they can prioritize large suppliers, since they earn by processing more sales and reaching certain predetermined goals. This is something that in Carlos Machado opinion should be changed. The goals could be adapted in such way that there would be specific parameters for regional suppliers. He emphasized that as long as the focus remains solely on revenues, this will continue to be a problem. Carlos Machado further noted that mass merchandisers such as Intermarché, have a lot of regional products in comparison to JM. He attributed this to their decentralized systems,

fostering more personal communication with suppliers. Nevertheless, Carlos Machado believes that the opening of his position, which came from directives above him, is the start of the change and demonstrates there is an interest in JM in establishing closer ties with local suppliers.

5. Main Conclusions and Future Research & Limitations

In this paper, our aim was to investigate whether there is a correlation between the diminishment of locally owned enterprises and the well-being of the regions in which they operate, considering both economically and culturally. Additionally, we explored how the mass merchandisers influence can impact the sustainability of these businesses. In this chapter, we will try to summarize the key findings & takeaways we were able to reach. Furthermore, we acknowledge limitations and further research opportunities to assist future researchers overcome the challenges presented.

5.1. Main findings & Key takeaways

- One significant takeaway underscores *traditional businesses should preserve their core values and identity while simultaneously adapting to market trends and consumer needs*. It is crucial these businesses don't stagnate and instead foster a capacity for innovation aligning with evolution of the market landscape. Therefore, it is important to create *a strategy that joins the sustainability of the business with its regional identity*. This strategic approach can be manifested by the development of a *business plan*, and theory indicates regular updates to the business plan increases the probability of success of the company in the coming years (Wells Fargo, 2015).
- On another note, *businesses that actively engage with others and contribute to their local communities*, thereby demonstrating a stronger connection to the community, *are the ones that tend to exhibit a higher local multiplier*. This suggests the money spent by customers recirculates more within the community. Various factors contribute to this phenomenon, including these businesses practice of hiring locally, use local services, improve local infrastructure, and collaborate with other local activities. Additionally, they *actively participate in social initiatives*, demonstrating a strong interest in giving back to the community. Some examples are Ermelinda de Freitas and Grupo Mendes Gonçalves (interview 7 and 6), companies that started as small locally owned enterprises but grew in importance. It is crucial for the communities they remain rooted in their original locations, rather than relocating.

- In this paper there were referred several possibilities of *financial support* to inventive businesses. Entrepreneurs share the responsibility of actively seeking out available financial assistance suitable for their needs. The state-related financing is often described as intricate, bureaucratic and circumstantial. Alternative forms of financial support, not reliant on governmental/European sources, may involve losing part of the ownership but could be more effective.
- The discussion surrounding the *digital dimension* has been a source of controversy. While some interviewees lean towards the view of being a democratic tool, others disagree. Digital investment may represent a modest amount for large companies but could constitute a significant portion of capital for a smaller business. Nonetheless, having a digital platform is essential nowadays.
- *Competition wise*, at a smaller & local scale, the competition is characterized as healthy and motivating. However competing with mass merchandisers, is perceived as stressful and intricate, due to the high pressure and constant sense of urgency.
- As anticipated, and the data is aligned with the expectations, companies expressed concerns regarding *pressures imposed by mass merchandisers*. These concerns accounted for various factors, including pricing pressures, profit margins, volume requirements and the imperative to compromise quality to meet the requirements set by the retail giants. A noteworthy observation from the interviewees revolved around *the inability to effectively establish a brand identity through mass merchandisers*. When companies bet in prioritizing quality and local products/materials, effective storytelling is crucial to convey their narrative to the customer. In this sense, mass merchandisers lack on the ability to differentiate products.
- From the two mass merchandisers interviewed both asserted that *regional products are the same as national ones*. LIDL does not make any distinction and JM employs the same terminology in their published results. The interviews showed similarities in their approaches to suppliers and expansion into new locations, however, distinct differences arrived from the data. JM distinguished by initiating a transitioning move within the company, mainly by creating the position of regional buyer, allowing for the partnership with small suppliers, even those only capable of supplying very few stores. On the other hand, LIDL's approach only allows for collaboration with suppliers capable of distributing for a substantial share of their stores. Additionally, small suppliers encounter significant challenges, mainly with commercial teams and

goals of mass merchandisers. As it is was pointed out during the interviews, it is easier to fulfil the commercial teams goals and revenue targets while working with bigger suppliers rather than smaller ones. Therefore would be necessary a modification in the commercial parameters, otherwise it is likely that this is issue will persist.

Overall, businesses endorsing traditional core values and actively engaging with other businesses tend to have a higher local multiplier, therefore making a substantial contribution to the regional development. In today's business landscape, is crucial for a local business to integrate their regional identity with innovation, considering market trends and evolving customer needs. Some key factors that enhance the likelihood of business success include the creation and regular updates of a business plan, establishment of a digital platform for both promotion and sales, and an attentive entrepreneur able to explore the existing opportunities in the market, as well as potential financial support. Mass merchandisers are often associated with high-pressure and sense of urgency in delivering results, and in addition being unable to effectively establish a brand identity. Nonetheless, they play a crucial role in the development of the communities and suppliers. Mass merchandisers can further contribute to the community well-being by improving local supplier recruitment and support practices. Introducing roles such as regional buyer and adapting commercial goals could represent significant steps towards benefiting the community.

In conclusion, it is clear the diminishment of locally owned enterprises, with a higher local multiplier, will have a negative impact in the well-being of the regions in which they are inserted, both economically and culturally. Betting on the development and expansion of local enterprises while enhancing mass merchandisers practices towards smaller businesses could be the long term solution.

5.2.Limitations & Future Research Opportunities

- During the interviews, a certain degree of concern surfaced when the topic of mass merchandisers was approached. In addition to the 10 interviews outlined in the appendix, there were conducted three other interviews, in which the respondents preferred to remain anonymous. The three interviews involved a local business present in a mass merchandiser and two internal employees of mass merchandisers. These interviews were extremely helpful to later develop the script for engaging with companies, as the agents seemed more candid in their responses. While anonymity in

interviews might offer clearer conclusions, it would come at the cost of diminishment of data creditability for the reader.

- When analysing the theory, we assume that the behaviour of Portuguese consumers is similar to the behaviour of the U.S. customers. However, it is crucial to acknowledge that significant differences may exist, potentially impacting the credibility of the presented theory. Some assumptions are primarily based on theories derived from the U.S. context, such as the impact of Walmart. A future research opportunity could involve the development of quantitative research on the influence of mass merchandisers in small locations in Portugal, in which could be evaluated the economic and human impact. An additional potential avenue for future studies involves conducting statistics on the number of Portuguese entrepreneurs who maintain an up-to-date business plan and assessing the success rates of business in the subsequent years after their establishment.
- It would be intriguing to delve deeper into the strategies employed by other significant mass merchandisers in Portugal, such as Sonae, Auchan, and Intermarché. Notably, Auchan and Intermarché were mentioned for their emphasis on personal contact with suppliers, particularly in the case of Intermarché, which operates within a more decentralized system.
- On a last note, it is essential to understand the impact of immigration, particularly digital nomads, as they have the potential to diminish the regional multiplier, affecting regional identity and influencing local businesses.

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Appendix:

Interview 1 – Arrabidine (Sofia Fortuna)

1-In what year was the establishment open and what is the story behind it?

The project was open in 2013 by Sofia Fortuna with the support of her father. Sofia was 24 years old at the time and was a recent graduate of communication. Facing the lack of opportunities in her area, Sofia had the idea of bringing back liquors and spiritual drinks recipes that were part of her family's heritage since the 50s, and open a local business. She considers that 2013 was the right time to open her business, as Portugal seemed to be facing an "identity crisis", in which the pride for the regional and national products was being lost, a period of big crisis and with Troika still in Portugal. Therefore she bet on bringing back the production of her family's drinks, aiming for the best possible quality, with natural ingredients that represent the region of Palmela, Quinta do Anjo and Setúbal, mainly Serra da Arrábida.

2- With how many employees did you started and how many do you have currently?

They started the project with 3 people, Sofia included. At a certain point there was the necessity of having 5 employees but currently they are back to 3 employees. It shows how much a local business fluctuates and how adapting to the needs of the market can be a necessity.

3- How would you describe the evolution of the company over the years?

In the first two years, even though the products present in the portfolio were not new to the market, as they have been out of the consumers eyes since 1984, they had very little recognition. There was necessary to come up with a promotion and marketing plan from the zero. The original recipes had to be adapted to the current market, except from Arrabidine, their main product, for instance in alcohol percentage. It was a process of adapting the traditional to the current consumer needs, always bearing in mind that the core regional values of the products had to be maintained.

After this challenging beginning, there was constant (not exponential) growth over the years. Even in the pandemic period, in which the company registered decreases around 80% in revenues during the lockdowns, the yearly factors still represented growth. Sofia hopes that now the business will take off again and is making the proper investments for that happen, mainly be exploring new initiatives to join to the portfolio such as teambuilding events, expositions in their building, among other private events.

Their core business is presented in a portfolio of 5 products, the latest was added this month. Apart from the core business, Arrabine started to bet on aging drinks, which is a business with some delay, and the grocery store in their physical location, in which they sold other local and national products, such as cheese from the region (Queijo de Azeitão), the typical sweets (like fogaças) but also the more common, but still high quality, products such as chaturarie. The main flagship of the this grocery store is to have products that are not available in the supermarket, creating a differentiator factor. Back in 2013, there no supermarkets in 5km around the area, so the grocery store had more space in the market. Now, that is not the situation anymore, the focus passed almost exclusively on having niche products and the day to day items were removed. The niche products aren't necessarily extravagant or expensive, but items that can't be found in a regular store and that provide a experience to the final consumer. A third side business that Sofia develops is a cultural one. Since the physical store is present at a centenary building, that belonged to the family, Sofia tries to optimize the square meters by creating expositions. Sofia notices that when there are expositions happening the clients in store increase significantly.

4- How would you describe the typical client of your business?

Currently the customers look for the products of Arrabidine due to the reference of the brand that they were already able to establish in the market and the well-reviewed "human brand". Sofia makes sure to treat every client, no matter the value of their purchase, equally and in the most unique a differentiated possible way.

The main target, defined at the beginning of the opening of the company, was between 35 to 65, category A/B in the economic scale (clients with some economic availability). This target group evolved over the years, now she considers that the final clients are present in every age group. Sofia notices that the younger generation is betting more on buying products of high quality and from their region.

5- Who do you consider the main competitors of the business?

From a regional perspective, local businesses from the surrounding area are the main competitors. Regarding the core business, Sofia doesn't consider that Arrabidine had a direct competitor in the region, especially one that has open doors.

From a national perspective, the region of Lisbon has several competitors, the ginja of Lisboa is extremely well established and since the city has several tourists every day, a lot of the final consumers of the this product buy it spontaneously, and the same is not so common for

Arrabidine. The bet on marketing and the available resources is extremely different as well, making it a hard competitor to beat.

6- In what way does the company included the values and traditions of the regions in the business?

Sofia family, locally called as “Familia Fortuna” is very well-known in the region, they already count with several generations, and each generation makes sure to give back to the community, mainly through an entrepreneurial way. When Sofia decided to open the business, she knew she wanted to keep the family tradition and value, mainly by using the family recipe for Arrabidine and open the physical store in a family centenary owned building. Therefore for local consumers, there is no need to revisit the story and track of the family, but for the consumers outside of the region and tourists, there is special care into the storytelling.

On a daily basis, Sofia aims to reinforce that the resources used to create the drinks are from the region, mainly from Serra da Arrábida, they call their drinks as “liquid culture”, and aim to create the perception of joining the traditional history of this drinks in Portugal with the modern consumer taste. For instance, the history of Bicabagaço, one of their core products, send us back to the typical “café com cheirinho”, this meaning coffee with added alcohol, that represents a Portugal tradition. This product has history and cultural in its core, as it brings us back to the dictatorial period of Portugal and the resistance of Portuguese, that would put alcohol in their coffee to be able to maintain their drinking habits. Nevertheless, in order to make it work in the current market, Sofia had to do changes in the original recipe, namely by decreasing the percentage of alcohol, and now is their best seller product and an example of successfully combining tradition with current market trends. One of the main resources used are the local grapes (fernão pires), which they buy from the local wineries and distill it to create the base brandy (aguardente). All the products of their portfolio follow this strict conditions of production and a circular economy model, as the sustainability of the business also depends on the continuity of the resources.

7- Did you had any type of support from the state to open the business?

Arrabidine was cofinanced in 2013, in a rubric that distinguished the creation of new local businesses, the rubric is only attributed to companies that present a product that hasn't been funded in the past and therefore contributes to an extension of the local market portfolio. This fund had a monetary value of 123.000 euros that represented 60% of the total necessary investment, strictly for the creation of the company and to impulse the production of their niche product, Arrabidine, as this liqueur was considered an historical and relevant product

for the region. In the first two years, one of the main advantages was that they were invited to be present in fairs to promote their products, and with the help of those connections they were able to create their own networking and supporting path.

They had several restrictions to receive this fund, such as that they couldn't receive any other fund within the same category in the next 5 years, had to create partnerships with local agents, had to provide detailed information with transparency regarding the financial figures and in which products/services the investment was applied (everything expense related with the investment had to be audited).

Sofia describes the process of applying to the fund as very bureaucratic and complex. She decided to dedicate herself fully into creating the business and applying for the fund as Sofia quitted her previous job and used 100% of her active of a full month into preparing the required documents. She referred that someone that had financial obligations and to maintain the current job while applying for the fund would have a very difficult and long process. Sofia also referred to the process as very circumstantial, the fact the she was a graduated young women contributed to the acquiring the fund (there were specific parameters for the three referred characteristics). In the year she applied (2013) the maximum amount this fund would give to the companies was 60% of the investment, in the next year 70% and in the following 90%.

8- Are you present in any mass merchandiser? Do you intend to be?

Arrabidine portfolio products are not present in any mass merchandiser. Sofia always had a clear business plan, in which she wanted to focus on having high quality products, with no synthetic features and as natural and authentic as possible, all of this is not cheap. Is Arrabadine was going to be created with the quality that Sofia intended, the prices weren't going to be for the day to day pockets, simply because it wasn't possible, but for special occasions or for clients with a higher purchasing power. Since this was the goal, it wasn't possible to enter in price pressure concessions, because if that was the case either the business had no profit or they had to give up on quality, and neither of those were an option.

They were already approached by several mass merchandisers. Sofia referred that Auchan as a more friendly approached to local suppliers while Soane contacted the company only aiming for the Arrabidine exclusively for the Continente of Palmela, which competition wise would make no sense for the company. Sofia doesn't take the possibility of working in a partnership with a mass merchandiser in the future but not at the conditions that until now were offered and not for their niche liquor, Arrabidine. Sofia also referred to bad practices

that other businesses in her family, that were present in mass merchandisers, such as extra charges and payments delays that she is now willing to comply with.

9- Do you have any partnerships with local businesses?

During the 10 years of business they had several partnerships with local businesses, such as local restaurants, aside from the local products that they have available in the grocery physical store to complement the portfolio products. The goal with this partnership was to provide more regional diversity to their customers, complementing their core business products. For that reason the selected products must not represent direct competition with the brand products. For example, they had local wines, as an experience, in the grocery store that shortly after were discontinued since they understood that that products were harming the revenues of the liquors.

9- What do you consider to be the main challenge of local businesses nowadays?

The main Sofia referred was the dependence of the society in mass merchandisers, as a lot of people don't have the time to go to each local producer and buy the regional products, even if they wanted and had the financial ability to do so. Therefore, there is a huge dependence from local businesses on mass merchandisers, and even the ones, like Sofia, that could and aren't presence in mass merchandisers suffer from price comparison. The final consumer had to do a lot of sacrifices if they want to buy exclusively local.

10- In what way did the digital contributed to the development of the business?

Sofia gives a huge importance to the digital in her business and she wants to continue to invest more in this area. Currently she is betting on creating adds for the Christmas. The digital store was opened in 2020, precisely in the pick of the covid, that proved how essential a non-physical store is nowadays. She wanted to open the digital store before but the company didn't had financial availability to do so before. The website was already opened since the beginning, and had a cost around 3 000 euros, later on, to join the online store into the website the costs were around 4 000 euros, a part from the fixed yearly costs. Due to the high costs, they switched to a platform called Jumpseller, which financially more sustainable.

Interview 2 – Retiro Azul (Dona Olímpia)

1- In what year did the establishment open doors? What is the history behind the opening?

The restaurant and the coffee were already open for some years when in 1973, Dona Olímpia and her husband assumed the ownership of the place. Her husband, Sr. António, whom passed

away some years ago, worked for the previous owners and considered it would be a good investment opportunity for the young couple. The establishment already had some notoriety but it gain most of the good reputation during the years of work of the current owners. Some years after, they opened the hotel, called Varanda Azul, in 1993, which worked in collaboration with the two other venues. The restaurant closed doors on with their ownership 10 years ago, due to personal reasons. Some years after the band rented the place to someone else, but the new owners couldn't handle the Covid-19 shock, therefore closed doors.

2- How many employees does your business has, with how many did it start?

When Retiro Azul opened business and during their pick years they had 6 workers in the coffee while currently they have 4. In the hotel, they had 5 from the beginning and maintain the necessity of 5 employes.

3- How would you describe the business evolution during the years, when was your pick time?

At the beginning and in the years after the business was very lucrative. At the time there weren't a lot of restaurants in the area and due to the good reputation of the brand, they had a lot of fixed customers. This continue for several years until there was a slowdown in the business. More offer appeared in the region with more affordable prices, but RA continued to put their focus on quality, that was the commitment that they had with their traditional clients. In the last years, post covid, RA has been betting on investing in their infrastructures. The coffee was fully renovated and the hotel is being slowly updated as well, the goal is to maintain the traditional appearance but in a more modern approach. This last investments have been making the business flourish and bringing new clients.

4- How would you describe the typical clients of the coffee and of the hotel?

The coffee has most of their business focused in families, the typical customers from the region during the week and new customers that re visiting the area during the weekends. The hotel during the summer lives mostly from tourism during the summer and during the rest of the year of the workers that work mostly for big companies located in the region, such as Autoeuropa, that need an affordable place to for a specific time.

5- Who do you consider to be the main competitors of the coffee and the Hotel?

To this question Dona Olimpia, answered quite frankly that she doesn't considered the brand has direct competitors. She believes that none of the other coffees joins the brand recognition with diversification of offer such as RA. Regarding the hotel, Pousada de Palmela, managed

by Group Pestana, is not a direct competitor has they many more rooms and for triple the prices, therefore the type of clients aren't the same.

Dona Olimpia concluded that she always opted by managing the best possible way her business without caring so much for others, as she believes there is space for everyone in the market.

6- What do you consider to be the main challenge to the local businesses currently?

Dona Olimpia considers that nowadays people go more to supermarkets in the big cities and the ones that are able to maintain their success are the ones that are established for a longer time and represent more the region and have in consideration the traditional values. Concludes that doesn't have a lot of hope for local businesses in Palmela, with sadness, and that now everyone is interested in Real Estate and such entrepreneurial activities.

7-What do you consider that made your business work when many others didn't ?

Dona Olimpia considers that the main success key of RA was the dedication and the work. In her younger times with her husband, they used to put sweat and tears into their job, and that what created the brand recognition that they have nowadays in the village.

8-Are your suppliers mostly local ones? When you need to resort to external resources, do you preferably look for local companies?

Most supplier are from the region. They give especial interest to displaying some of the traditional products of the region and whenever they need external services, such as the ones they needed to upgrade the place, they used local enterprises to do so. Some of the products displayed in RA can't be found in many other locations in the region, such as some the sweets of the community.

9- Do you consider that the raise of mass merchandisers was negative for your business?

Doesn't consider that her business was one of the most affected by the arrival of the mass merchandisers. Before she use to have a section in the coffee with other diversified products, such as jewelry and toys for kids, that she closed some years after. That type of diversification and business are the ones that she believes were affected the most.

10- In what way does the Hotel and the Coffee include the traditional values of the region?

Mainly by selling local products, and selling adaptations/fusions of local products. Dona Olimpia, gave the example of bolo rei of moscatel, which is a fusion of a traditional Christmas cake in Portugal with moscatel de Setúbal, which is a typical product of the region.

And this type of products arrive first to the RA since Nuno Gil, one of their employees, is a creative baker who keeps on creating new possibilities of reinventing the traditional flavors with modern adaptations. Previously, Nuno also created pastéis de natal and chocolate with moscatel. This type of products are firstly displayed RA and only after in other coffees and stores of the region.

11- In what way is the business present in the online world?

There isn't much of a bet in the digital world.

Interview 3 – Nãm (Natan Jacquemin)

1-Can you describe the main mission/purpose of Nãm in some words?

The mission of Nãm is to prove that waste doesn't exist, waste is a concept that us humans invented as it doesn't exist in nature, and therefore Natan wants to show the same principles of nature can be applied to the economy. All energy and nutrients are channeled from one kingdom to another, and the idea is to do the same in economy, by using the waste of one industry as resource to the other industry.

In average food travels around 1000km in Europe before getting to your plate and the all idea of Nãm is trying to reduce that to 10km, by using local waste and applying the same principles as nature but also trying to be as local as possible, aiming to connect people with their food so they can see what they eat and eat locally.

Nãm has been operating for 5 years and have two current locations, in Marvila and Cascais, that work as producing farms. They are preparing what is necessary to open another farm in Odivelas. The all idea is try to be as close as possible (aiming to respect the 10km distance), part of the reason to want to be close to the city center, which also works as a marketing benefit since people can see that Nãm is growing mushrooms in the center of a capital.

2 - How many employees does your business currently has and with how many did it start?

Nãm started with two employees, other than Natan, and currently they are twelve.

3 - Who are your primary customer base demographics (region, gender, age..)?

The core of their business is in B2B, mainly working with restaurants. The demographics very wide as it joins the regions of Lisbon, Cascais and Caparica. Mainly non-portuguese restaurant owners, but one big customer is Padaria Portuguesa, a Portuguese company.

4-Who do you consider to be your direct competitors? Are mass merchandisers a direct competitor?

In the beginning Nãm was very niched, so mass merchandisers weren't competition, but now as the company is scaling up they enter more and more in competition with food distributors. That is the case because the restaurants, especially big chains, prefer to use centralized supplier systems as it makes it easier logistic wise. They try to compete and differentiate themselves by the quality and the service because usually the service decreases as the size increases.

5- Did you ever considered selling your product at a mass merchandiser?

Natan doesn't consider that option has he wants to protect the brand, as it is want distinguish them from other suppliers, therefore they will never sell the product to a reseller who doesn't understand what is associated with the brand and what are the core values. Also, responding to price pressures is not on their goal as Nãm doesn't want to compromise quality.

6- In what way does Nãm engage with and support other local businesses/ cultural events?

Firstly all the leftovers from the mushroom production is really good fertilizer, therefore they give it to the city of Lisbon (community farmers, etc). They also do a lot of cultural events to share knowledge about mushroom and circular economy.

8 -In what way do you believe your business is stimulating local economy?

They only work with local suppliers. Natan referred to the Moretti effect, similar to the multiplier effect, referring to the importance of recirculating the money in the economy. As all the commercial relation of Nãm are local and their goal is to be always 10km away from the place where their food is being serve, Natan believes that he contributes to the stimulation of the local economy in a significant way, giving his significance in the market.

9 - How does the deal with delta works? In what benefited your company?

Delta invested in the company has a fund in exchange for ownership and they give support in the operation, for instance by collecting the coffee waste and helping with sales, due to their strong presence in Portugal and relevance in the market.

10 - Do you think deal with Delta made you lose power over your business?

There is also a trade-off, but in Natan case has he is a new entrepreneur, at the time when the deal took place he was only 25 years old, opening his first business. Therefore the support of Delta was very valuable. Also has Delta is a Portuguese family company, Natan considers that a changing factor has they have a more friendly environment and way of working is not the

same has when speaking about a private fund, and they also take pleasure into betting in the development of Portugal.

11 - How relevant is the digital for your business? Is it a competitive advantages that you consider to have compared to many other local businesses? And when in comparison to mass merchandisers? Do you consider the digital to be a democratic competition tool?

Digital marketing is crucial for the brand. They are very strong in Instagram and a lot of brands want to collaborate with them in part for that reason, they were able to maintain a “trendy” factor. Is very important to have a strong digital brand. Regarding selling online, they do have some revenues but is a very small fraction of the business. Demographic Competition is not the case has you can buy key words on google, for high values, that makes it very not democratic in some sense.

Interview 4- Aquinos Group (Ricardo Pinto)

1-What is the main mission/goal of the brand?

The three Aquino brothers were workers at a company, when they decided to found their own company in the region of Tábua, the hometown of the founding company. The goal was always to innovate and expand, and that continues to be the aim of the company until today. Currently the group is first in the sector of comfort, therefore there goal currently is to expand to the US with more expression.

2-How would you describe the evolution of the brand over the years? Has it always been a growing company or did it also had tougher times and comebacks?

The company is marked by exponential growth year after year. Mainly after their acquisition of the group Home & Furniture in 2019, the group gained a lot of recognition as it became the company with the highest market share of the sector. Ever since 2002 the group focused on acquiring new companies and increasing the production in scale, mainly in Europe until the moment. They started with 3 employees, the brothers, and currently count with more than 5000 employees. The units of Tábua have a total of 3500 employees, which for a village that has a total of 12 000 habits is a huge economic boost.

3-Currently in Portugal you have manufacturing units in Tábua and Nelas. How much of your production comes from this two units?

Most of the production comes from Portugal, mainly from Tábua. In Tábua the complex has a total of 7 units of production, their core business is there. They are by far the biggest business in Tábua and foster the local economy of the region. All the core areas are present in Tábua,

continues investment was made in this region in order to increase the area of the industry unions. Therefore, the company would never take their core business away from Tábua. As this also contuse to be a family business, the importance in betting on the region is of great importance. Almost all employees are from the region of Tábua and the ones that aren't, are accommodate it in the region and given the support to be part of the community as well as participate in the local economy. The only thing that they don't produce themselves are the tails, that are imported from Asia.

4-In what mass merchandisers are you present? How is the relationship that you maintain with them?

They are present in several big companies, that could be accounted as mass merchandisers of the sector. Some of them are IKEA, Conforama and Emma. To maintain this relationships is important to be good negotiators. Ricardo recalls meetings with IKEA representers that would go for more than 7 hours straight, with constant negotiations and margin exchanges. As this are there big buyers, they depend on them, but as they grow, the negotiation power changes. Now, as the main producer in the field, they have the mass merchandisers lose some of their bargaining power, as this is more of codependent relationship.

Interview 5– Grupo Pestana (Luís Castanheira Lopes)

1-Can you describe the main mission of Grupo Pestana in some words?

In Luís perspective, the main goal of Grupo Pestana is to allow their clients to have the time of their lives, “make people happy, giving them a unique experience and the time of their lives”.

2-What are the main factors that GP has in consideration when choosing the next location?

GP chooses their location mainly based on the demand and clients interest. Is important to study the market and understand where the clients will be more eager to go. The example of Portugal, people want to go to Lisbon, Algarve, Madeira...the group needs to make sure that they are present there, where the demand is bigger, ensuring that they are able to respond to the client's needs and wishes. There are some cases in which there is a bet on a certain location, underdeveloped when in comparison to big cities, where the investment is being made with intention of stimulating consumption and create public while maintaining the goal of being sustainable and profitable. This type of investments are mainly more incentivized by the State, that has interest in revitalization this underdeveloped regions. Luís gave the

example of Pousada do Crato, which is small village in Portugal with 1500 habitants. In this case there was not a big market in the tourism sector in this region, choosing this location had the purpose of creating demand, while aiming for profit. Luís considers that this investment in specific was moderately successful. But this is not the main approach taken by GP, normally the group aims for locations that already have demand and not the other way around, regions that sell themselves due to the lifestyle, the surrounding nature and the experiences that they offer.

3-What is the importance that the GP gives to the factors of tradition and cultural values in each location? How does the concept of Pousadas de Portugal closer the communities, mainly in more remote areas?

In every location is essential to preserve the origins and traditions, because that also sells. Even in regions more developed in terms of tourism, as Madeira and Algarve, the same happens. For example in Madeira, thousands of people are at this moment doing hikes at Levadas, is the authenticity and genuineness that creates the full experience.

Nevertheless, Luís agreed that Pousadas de Portugal are the type of tourism within GP that embraces with a higher value the cultural characteristics of a region. Starting with the factor that the buildings used the for Pousadas de Portugal are historic buildings, such as castles, palaces and convents. Therefore, these type of tourism is even more dependent on the cultural identity of the region. The infrastructure are rehabilitated having in consideration the historic background and uniqueness of the community, aiming for an immersive representation of the region. Luís gave the example of the Pousada of Palmela, in which of the main plates in the restaurant is sopa caramela. With the same ingredients but any other name most of the magic would be lost, but with the specific history behind the plate, a new sense of connection is gain, clients leave that dinner with a story to tell. Is those small practical details that truly make a difference and that are given a especially consideration in Pousadas de Portugal.

About Pousadas de Portugal: Pousadas de Portugal were created in 1941, with the aim of receiving visitors and provide them the gastronomic and lifestyle experience of the specific region. In 2003 the Portuguese government decided to privatize 49% of the group, currently GP owns 85% of the private ownership, with the 15% left being under the management of the Fundação Oriente.

4- Do you have especially interest in these values when the location represents a smaller community?

The answer is yes! If we do the comparison between for instance Palmela and Lisbon, Lisbon is bouquet, the city in itself is an attraction, there is always something happening that will entertain visitors. On the other hand, Palmela wins visitors by its identity traits, visitors don't expect a big event or 20 different museums, they expect cultural heritage. Luís gave the example of being in Pousada de Palmela, which is located at a castle, and enjoy their the night, with a 360° view and a cup of moscatel (typical drink). These type of experiences are priceless, not because of the moscatel and not simply because of the view, but the union of all this factors with the historic background gives a sense of presence and atmosphere hard to describe, that you wouldn't get in many other locations. And this little changes are the engine of these locations.

5- Do you consider that GP is able to integrate themselves in the local communities and contribute to its cultural heritage? What are the type of investments made? Does the group put the effort into understanding the needs of the society in question?

Yes! They are developing a Pousada there is attention to maintaining cultural heritage, such as specific furniture of the region or of the style of the region. This doesn't mean that all invested furniture is from the area, but they try to maintain the concept. Luís gives the example of a tradition tapestry that brings back the history of the crossing of River Lethes, connect with Rive Lima, which passes by Viana do Castelo. On the other hand, some of the other adorning that aim to stimulate the environment of the building are not directly related with any local history/supplier.

6-Did you ever received any feedback from the communities in which you expended to, both considering economic and social levels?

Luís says that the feedback is extremely positive. Local entities are mostly happy has abandoned heritage is recovered, more people from the area gain employment and it stimulates other local sectors of the area, such as food retail, souvenirs shops, wine shops and other touristic spots, such as museums. Luís believes that local enterprises gain with their presence, but the main concern of the group remains to be profitability. Shareholders need profits otherwise they won't sustain their activities, but some of the Pousadas aren't profitable, even though the sector needs to be. They have the example of Pousada de Ourem, which was suspended and people protested over that decision.

Other example given by Luís are the Pousada do Freixe, in which some of the art work presented belongs to the local museum, and the entrance of the Pousada there is the possibility

to buy tickets for the museum. A part from that, in several Pousadas in Alentejo there are connections with winemakers and the possibility of winning tasting.

8- Apart from feedback were you ever able to measure the this impact?

No, only perception.

7- Regarding the local businesses of the communities in which you are inserted, how would you describe your impact, mainly in the ones on the same sector?

Luís considers the impacts are positive even for local enterprises in the same sector. Each enterprise will have a different margins, there could be competitors offering lower prices and being locally more efficient. Luís believes there is space for everyone in the market, and that a good enterprise brings other good enterprises and that it happens sometimes that GP trains workers and then workers go their competition, and that's part of the business.

8- How do you evaluate the local multiplier of GP?

Luís considers that the local multiplier of GP would be high. He gave the example of Pousada de Évora, which is located next to the Roman temple and a museum. Tourist that stay in a Pestana location will want to explore the surrounding area. They mostly employ local workers, unless there is no offer in the market. The suppliers aren't centralized in most areas, other than food. Regarding food they buy almost everything from Macro, with a centralized system, in which each location is connected to the system and does an estimation of the units necessary. There are exceptions, like in Pousadas restaurants, in which there is attention to the local products. Coming back to the example of Palmela, there are offer specific wines and cheeses from the region, complementing the centralized food system.

9- How do you picture the future of the GP in smaller communities and what the company do better support them?

Luís refers to the equilibrium between what clients are looking for and the touristic product that can be offered, meaning that the offer must have in consideration the demand. Luís admits that he is not the biggest fan of rural tourism, the so called TER (Turismo em Espaço Rural). He explains his feeling regarding this type of tourism due to a personal experience. Luís tells a moment where he was at a typical TER at Minho where he had time specific time schedules to eat, with the owner of the space and the other guests and he personally felt this experience was intrusive. This experience made him understand that, in his opinion, this isn't the way to go, clients should be able to do whatever they want, in a freeway. The attempt to be too pleasant and inclusive, can become intrusive. Therefore, Luís considers that the type of

experience provided by the GP is the most adequate one since there is given the importance to the cultural traits in a more arbitrary way, while not making a too intrusive experience.

Luís agreed that one way to increase the personal touch with the communities could be to conduct more personalized benchmarking regarding what business areas could be missing when preparing their entrance and study the possibility to collaborate more with local enterprises.

10- What is the opinion of the group regarding the new trends of protectionism and localism, should there be a balance between globalization and localism? What could be the balance between economic growth and preservation of the cultural values and tradition?

To this question Luís quickly answered “glocal”, agreeing with the necessity for the balance. Pousadas specifically, are all about the environment provided, wouldn't be the same without the local component. If you and you don't pass thought an antique faire, especial experience effect is lost. If you go to Óbidos, you see an amazing rehabilitation of the patrimony, with bookstores, galleries, typical gastronomy, the “ginginha”. This local factors need to be there for then globalization to take place, only worth traits are worth being spread, leading later to an increase in the consumption.

Luís reinforces the idea that for businesses to flourish, there is the necessity for an entrepreneurial ecosystem. GP doesn't want to kill their “neighbors”, they need them to improve, to create competition and therefore market.

11- What is the importance of the digital? Could digital be a competitive advantage for GP when in comparison to local businesses?

Luís considers that digital is the most democratic for local businesses to gain space. In the digital all competitors are present, the name of the brand could be out passed by more competitive prices and offers. In the digital most businesses are present for most clients, is a way to create equality in terms of opportunities for other companies. Luís agreed that paid commercial indeed stops being such a democratic competition.

Interview 6- Mendes Gonçalves (Rita Macedo)

1-Can you briefly describe the philosophy of the company? In what way does the two pillars of innovation and differentiation cross paths with betting on maintaining the company origins and regionality?

Ever since in 1982, when Carlos founded the company with his father in Golegã, he knew he wanted to create something different. He didn't want to be just another local company, he wanted to create a difference, that's why their first product to join the market was fig vinegar, while everyone else was producing wine vinegar. The fig chosen was from Vendas Novas, a locality close to Golegã, and which the supplier is maintain until nowadays. This shows how much the company values innovation and differentiation while promoting the region in which they are located.

Currently, they are the biggest employer of the region and maintain their focus on their people, honoring the promise of maintaining headquarters and administration in Golegã.

2-With how many workers did you started operations and how many do you have currently?

The company was founded by 2 people, Carlos Mendes Gonçalves and his farther and quickly after they were 5 members, preparing their entrance in the market. Currently they are a total of 370 employees. A curiosity that Rita shared with us was that their first employee was Mr. Joaquim and he is still working with them. He represents the company in the sense that he may not have academic experience but counts with more than 40 years of practical work in the company, making him extremely knowledgeable in the area and counting with complete awareness regarding what are the core values and traditions of the company.

3-In what way did Mendes Gonçalves impacted the development of Golegã, both and economically and socially?

Employees are mostly from the region and for the ones that aren't there is a program to integrate them in the community, for instance by providing housing facilities.

But MG believes that employing their people is far from being the best thing they do for their community. Their affirmation sentence is "Change our world, and then change others", meaning that they want to bet in Golegã, improve their region and their people and then do the same for the others. Their support to the region is mainly through the autarchy, and that is also how other entities are reached. For instance, in the very known in Portugal "Feira do Cavalo" that takes place in Golegã every year, MG gives their support not only monetarily, but also in promotion and this year also by cleaning the residuals after the fair. This describes how the company wants to develop in the future and what is the impact that they want to have in the community.

4-Did you ever developed partnerships with other local businesses from Golegã?

Not specifically with local businesses but keep supporting local businesses, for instance by maintaining the very small repairing company and the fig supplier since the opening time, or when more efficient options could be considered, but not from the region, so therefore wouldn't make sense.

5-Are you involved in social projects that support the development of Golegã?

A very relevant project that MG is developing is the “Vila Feliz Cidade”, since 2018. It started with the purpose of receiving the children of the workers of MG but the project evolved to several agroforestry that gives training to farmers in the region, while allowing them to use their lands with no chemicals involved.

Another project that MG recently was with the NGO Just a Change. Just a Change brings together volunteers to work in the rehabilitation of homes, mostly family homes. MG financed a big part of the investment necessary to recover houses during the summer 2023.

They also aim to make Golegã an inclusive region. They helped in the accommodation and employment of several refugees. This initiative was already in progress before but with the war in Ukraine the efforts were increased. The goal when helping a refugee is to give, not only to him but to his family as well, the conditions to move to Golegã and start a new life, with the conditions to their integration. MG believes that everyone gains with this type of experiences, both the ones to which is offered a new chance but also the workers from MG that are able to share experiences and learn about others background. Rita gave the example of a specific situation in which one of the Ukrainian workers prepared a typical Ukraine lunch to his coworkers to thank them for the warm welcoming while sharing his traditions and culture.

6-How would you characterize the relationship between Mendes Gonçalves and the mass merchandisers?

MG chooses to look at mass merchandisers as partners. They are present in almost every representative mass merchandiser in Portugal with 3 of their brands: Paladin, Dona Pureza and Peninsular. MG gives a big importance into creating a healthy relationship with mass merchandisers. Rita gave the example of the “Clube de Produtores” that is a collaboration that MG has both with Sonae and Jerónimo Martins, aiming for a circular economy. Rita admits that there is a certain pressure but the relationship continues to be revisited mostly through a positive scope, with a lot of transparency.

7-How relevant do you consider that the digital is for your business and in what could it represent a competitive advantage?

MG considers the digital to be extremely important to their development. Before the pandemic they were already conscious about the growing importance of the digital in the world but gave priority to other more traditional channels, but the pandemic changed the paradigm. The lockdowns showed that the digital need to be a channel as important as the rest, and ever since the company is continuously betting on the development of that area. The goal is for the online channel to grow until becoming as strong as the other more traditional channels.

Interview 7 - Ermelinda de Freitas (Leonor Freitas)

1-What is the main mission/goal of the brand?

The main mission of the company is the development of the business of wine in the region, creating jobs and valuing the rural environment in which the company is located and valued added for the brand. They assure their consumer that the wine with Ermelinda de Freitas puts in the market has transformed from grapes either from their own wineries or from local wineries of the region, that don't have the sufficient development to sell with their own label. Assuming this commitment, Ermelinda de Freitas gains market relevance, while supporting and fostering the community.

2-The first products being sold were in 1997, so you consider that the business is operating after this date?

The house is open for more than 100 years now, with the focus in agriculture products and wine without brand. In 1997, there were produced the first wines with the brand, Ermelinda de Freitas, which was exactly the time where Leonor started to explore the business herself, after the premature death of her father and from this point on the business focused on selling exclusively wine. Between 1997 and 2002 the brand sold both wine with and without brand, and after this period only wine with brand.

3-How would you describe the evolution of the brand over the years? Has it always been a growing company or did it also had tougher times and comebacks?

Ever since 1997, the growth was consistent. Mainly from 2002 onwards, the company focused on increasing production and buying more grapes. The brands within the company also continued to increase and expand, as well as the square meters of the area of production and vineyards. To have a clearer vision of the growth, they started with 60 acres and now count with 470, increasing from 2 to 31 types of grapes. Leonor refers to "growing pains" coming with this exponential growth.

Leonor stated that revenues also increased exponentially over the years, with years of enormous jumps, and that was the main driver to keep the internal growth in such way they could accompanied the consumer desire. The evolution came with a lot of investment, to stay relevant in the market and competitive is necessary to follow the consumers necessity and the evolutive trends.

4-With how many workers did you start and how many are you employing currently? Are they all local employees?

They started with 3 workers and currently are 101, only in the Ermelinda de Freitas winery & production line, without counting with the local farmers that the company collaborates with.

5- How do you evaluate the local multiplier of GP?

Leonor considers that almost all of the value is reinvested in the region. Their big priority is always to foster the region, the grapes exclusively from the region and the employees are almost all from the community.

As the business is being successful, Ermelinda always leaves part of the profits to social projects of the region. Two associations that always receive support from the company is the local public nursery and the municipal firefighters, among other social causes/ local companies. A part from that, they developed a big project with a maestro from Palmela, journalist and a painter from the region and created events to dynamized the 1500 bottles that Ermelinda de Freitas produced. At the end, they were able to sell each bottle for 100 euros and 5 paintings for 400 euros, the total was totally offered to two social projects, one of rehabilitation of houses of elderly in the region and other called Sol Crescente that supports children from Marateca. Another project that is still ongoing is with the Centro Jovem Tabor, which receive underage youth the committed criminal felonies and tries to reeducated and reinsert them in the society. As this center had a lot of area, Ermelinda de Freitas cultivated one acre of grape, the big goal was to able to provide them the values of hard work and give them a purpose. Leonor describes herself as a “pura camponesa”, therefore she also wants to collaborate in projects that dignify the people from the rural areas and glorify companies from this area of work, as they are not less the others.

6-Who are your primary customer base demographics (region, gender, age..)?

Ermelinda de Freitas has a very extensive portfolio, with a very diverse price range, this way they can include consumers with a very different purchasing power and demographic characteristics. Whit that being said, from the very extensive portfolio, the most accessible/

medium wines are the ones that sell the most, therefore are the ones that represent the more typical middle class client. This are the wines that are mostly sold in the mass merchandisers. Other than that, they sell a lot wines to the food sector, which accounts for the middle/high class of the society. The more expensive wines, that are usually reserved to occasions, is more associated with consumers that have a higher purchasing power. The clients typical client are between 30 to 50 years.

Ermelinda de Freitas also wants to expand and promote the brand to a younger generation, with the message of including wine with moderation in an healthy lifestyle. In order to do that, they started to be present in several summer festivals of Portugal, such as Sudoeste and SuperBock SuperRock.

7- Who do you consider to be your main competitors, mainly regionally?

Casa Ermelinda de Freitas is the biggest company in the area of the region. Leonor considers that the other big companies of the sector present in the region are competition, but a healthy competition, where everyone coexist peacefully and in a supportive way. There is space in the market for the growth of all and the necessity to affirm themselves in the market due to the presence of the other brands is good for stimulating the business. Some exemples are Bacalhoa, José Maria da Fonseca and Cooperativa de Pegões.

8-In what way do you consider that Ermelinda de Freitas includes the values and traditions of the region in their business?

The company always tries to bet on maintaining the tradition while modernizing. Leonor is the 4th generation of her family dedicated to the business, with her daughter already preparing herself to assume the position of CEO in some years. The family makes sure to maintain the values previously mentioned as they are a family from the region that wants to give back to region.

9- Do you consider that that is one of the main factors that made Ermelinda de Freitas so successful over the years?

Leonor believes that she was extremely lucky to be born in the family that she was, her parents and grandparents tough her the respect for the region and the work culture to be successful and resilient, and she believes that she was able to pass that same work ethic to the new generation members.

Another factor that she considers to be differentiator was the capacity and effort of the brand to anticipate the consumer needs and bet on quality for every price range, not increasing

prices due to awards winning or reputation increase, always betting on maintaining a fair quality-price trade off.

10-Did you ever had initiatives in which you collaborate with other local businesses?

Like Leonor previously stated, she collaborates with small local wineries/farmers, to whom she buys grapes, making both parties gain with the partnership, and at the same time fostering the local economy. Currently Ermelinda de Freitas works with a total of 148 local farmers, which she considers to be a lot of social responsibility, as she doesn't want to fail these farmers and their families.

A part from that, they have some collaboration with local businesses from other sectors, mainly by having the products present in their physical store, for instance with local honey and cheese. This type of collaborations weren't from a big scale point of view.

11-You are present in several mass merchandisers. How would you characterize your relationship with mass merchandisers? Do you feel like they conduct some price manipulation due to their bargaining power?

Casa Ermelinda de Freitas is associated with a distributor, called Prime drinks, mainly for their more selective and higher price range drinks.

For the common consumer, with a smaller price range, the brand is present in several mass merchandisers, almost all with a relevant number of stores in Portugal. In order to differentiate themselves they create a wine range for each mass merchandiser. Leonor admits that there is a lot of price pressure in the mass market. The necessity to fulfill goals creates that pressure in prices and makes it extremely hard for the suppliers to negotiate prices since they feel like they are easily replaceable. Therefore, Leonor reinforces the necessity to bet on quality and differentiate themselves through quality, as the consumer is the agent of decision, therefore if the consumer wants the product, the product must be available. So betting on consumer feudalization and maintenance is the best way to gain bargaining power. In Portugal the consumer expects for the promotion to buy the product very regularly, which is also a struggle for the suppliers, as the promotions are mostly covered by them, decreasing margins.

With that being said, a big part of the revenues came from the mass merchandisers, therefore especially when local companies want to grow and expand, the path mostly passes through being present in mass merchandisers. With experience leading with mass merchandisers also comes special attention to detail and a bit more of bargaining power, namely when examining contracts, in order for issues such as penalizations for short incurrences (like a small deviation

from the ordered number of products or products with packaging malfunctions). For small companies that don't have any bargaining power Leonor considers to be a very difficult journey.

12-How relevant is the digital for your business? Is it a competitive advantages that you consider to have compared to many other local businesses? And when in comparison to mass merchandisers? Do you consider the digital to be a democratic competition tool?

The digital is now crucial for the business, the investment in this area is continuous. The online sales are controlled by the distributor therefore it's not a thing they control, but could be something to change in the future.

Interview 8- Autojan Labels EIKON (Susana Afonso Marques)

1-Can you describe the mission/goal of the company?

The company was founded in 1996 with the aim of producing labels and stickers and ever since this year the company continued to invest in upgrading their work. In 2001 they installed their first machines and continue to increase the area of the installation. The group Autojan is the European leader in their sector and Autojan Labels Eikon is the Portuguese leader. They produce the labels to several companies in the most diverse sectors, from the food industry and wine and beverages to pharma and cosmetics. Some very well-known companies that work with the group are Oliveria da Serra, Gallo (both from the olive oil sector), Adega Mayor, Algeruz (from the wine sector), among many others.

2-Did the company started independent and then was bought by the group or was created already belonging to the group?

The company opened 1996, starting independently. Only in 2015 the company was acquired by the group Autojan. Back in 1996 the force work was composed by 5 to 6 people.

3-Are you to make decisions in a more independent manner or do all decision making must pass through the group Autajon?

There are certain guidelines that each branch must follow, as wage levels, among other factors. Nevertheless, on the day to day activity the branch has the freedom to assume decision making, without consulting the mother group.

4-With how many workers did the company started and how many does it have currently? Are the employees all from the surrounding areas?

The company started with 5 to 6 employees, ending the first year with 10 employees. Currently, after almost 30 years of business, Eikon counts with a total of 82 employees. 80% of the employees are from the area, and the ones that aren't are for lack of offer, and not by the company choice.

5-In what way do you believe that the company contributes to the success of the region in which it is inserted, Sintra in this case?

Susana believes that the impact that the company has on Sintra is very positive. Most of the employees are from Sintra, that represents an increase in the employment rate of Sintra. Even the ones that aren't from the area, spend money in the local options (restaurants etc), fostering economic activity in the region. The current installations where the company is located were closed and abandoned, therefore by betting and investing in those infrastructures they are investing in the community and in their development.

6-Who are your bigger competitors?

The main competitors are Olegário Fernandes, located relatively close to their installations, and in the north Vox and Pinto & Pinto. Olegário Fernandes is not a direct competitor as they are focusing as well in packing.

7-Are your suppliers local? When you have to make constructions (for instance when changing area) did you opt to local workers?

The suppliers are local. Tend to opt for local companies when other work is necessary.

8-How furcal is the digital in your business? Do you think that could be one of the factors that sets up apart from the smaller businesses?

The digital is very relevant for the company but doesn't consider a competitive advantage as almost every company has a good website already.

Interview 9- Jerónimo Martins (Carlos Machado)

1.The value proposition of JM lays on allaying competitive prices with quality. In what way do you consider that this perspective changed the retail sector, mainly to the final consumer and local suppliers?

Carlos perspective to answer this question is more related with the work that he does at JM. The products that Carlos looks for are regional and therefore must be differentiator to a specific region. Normally this products are more expensive, as they aren't produce in a mass process and more in a artisanal way. The margins applied can vary from the general margins

applied, but most of the times follow the standard margins applied to the rest of the products. Normally this products are for a more specific client that is able to pay more if the quality is higher. Carlos referred to Pedro Santos, general administrator of JM, as he stated that one of the ways to help communities is by fostering local economies, mainly by betting on having regional products in store and supporting the sustainability of this businesses. With this also comes several benefits for JM, if the people from the region increase their purchasing power, they will be able to increase their expenses, and if they see that JM contributes to their community, they will want to spend them in their stores. Besides that the final consumer also gains as they have the possibility to buy a high quality product, a differentiator product, and again JM gains because if a customer goes to their stores for a specific product, they will most likely do the rest of their groceries there and not at another mass merchandiser. This positive full cycle is exactly the value proposition that JM wants to create and add in their portfolio by creating this position. Carlos gave an example of a high quality product in Algarve of ships and popcorn produced locally that actually have the same price as many other known brands, but in terms of quality is incomparable, due to all the extra care putted in producing the item, regardless of taste preferences.

2-In your perspective, what did the mass merchandisers, and in particular JM, bring to small communities and in what way did it impact their growth?

Part of the impact is related with the positive loop previously stated, as more people acquire jobs, not only directly by working in mass merchandisers but also by working in local businesses that are supported by them. Another factor is the increase in the purchasing power. The goal is to able to bring small suppliers to a small amount of stores, considering their capacity to scale up the production, and if the collaboration workers properly the brand itself can expand to more and more stores while they grow. A big portion of the importance of Carlos job is to create a flourishing environment between the local company and JM, as entering in a big merchandiser can be overwhelming, so the support provided to this businesses is extremely important. For instance regarding quality control, companies must be audit to be present in JM, and even if they don't pass at the first try, there is given the opportunity to fix the mistakes and latter on enter JM portfolio.

A part from that, they have an example of an initiative called "Bairro Feliz", in which each store chooses two social projects and when a customer comes to a store acquires a plastic coin for each 10 euros spent and then is able to vote in the preferred project. The winning project

receives 1000 euros from JM. For instance, if there are two stores in Tavira, the community of Tavira will receive a total of 2000 euros in social projects.

3-How do you create the contact between the local suppliers and JM? How do you reach the most relevant of the region?

One common strategy is to check the competition, see what is present and what is missing in JM. Another strategy is to contact the associations of local development as they have a lot of contacts of local businesses of the region. He described that he gave an e-mail that wasn't associated as JM but as a interested person and then he reached the ones that provided their contacts, formalizing that it was a mass merchandiser. A third strategy was to contact Faro university as they had a start-up of local business incubators for their students, with the same strategy as before and the ones that were interested were contacted with more detail. Lastly, the mouth to mouth is already significant, and it reached the case that not only Carlos contacts the companies but also Carlos is contacted by local businesses.

Another recent addition in the group that Carlos believes to contribute to support local businesses and therefore the communities is the new recent approach of backhauling. The backhauling program includes a return route from the stores to our distribution centers to collect goods from our suppliers, a route that before was characterize by being empty. This is good for every party has this service is way cheaper for the supplier and more efficient for the company, and JM also gains as this service is still paid, a part from the environmental gains.

5-How do you evaluate the local multiplier of JM?

Carlos considers that the creation of his job position already represents a desire from JM to be more relevant for the development of the local products and economies and he believes that the pilot project in the south will be expanded to the rest of the regions in Portugal. A point in favor of this expansion is that the project is showing positive results in sales, a part from the indirect sales that are associated with the presence of differentiator products being present in store and therefore moving people to do the rest of their groceries in that store.

With that being said, many of the distributors aren't local and at the moment most the products aren't regional, a big percentage is national, but not local, and Carlos admitted that it is very unlikely that that percentage will ever be very high. Nevertheless, Carlos referred to modules in their stores that aren't allocated for anything and that they are using for regional products, in an non-official way.

6-In what aspects do you consider that JM stands out from the other mass merchandisers in Portugal regarding a fair relationship between local suppliers and the company? What points do you consider that have space for improvement?

Carlos considers that his position is the start of a more attentive approach to local businesses in Portugal. Still, there is a lot of space for improvement.

A point that he considers should be improved is the fact that, as some of the negotiations are not conducted by him, but by the commercials, that have a similar amount of work when approaching a big supplier or a supplier then will only be present in a small amount of stores, they leave to second plan. As it is a known fact, commercials have goals to reach, and those goals are way more faster reached with a big suppliers. Carlos stood out that not all commercials are like this, but some don't believe in the project and in the necessity to include local suppliers in JM. Carlos gave an example of a regional supplier of chocolates, that he really struggled to agreed with the commercials on the deal as this company would give the same amount of work but with a way smaller revenue stream, so they didn't believe in the potential of this supplier, that is now is being very successful the some of the stores. But the main takeaway is that no regional product will give the same revenue as a big supplier but that is not the point, the point is to have differentiator products that will bring more customers and bring more revenues through indirect companies. One suggestion that was reached in conversation between me and Carlos would be to adapt commercials goals and parameters when it is the case of local suppliers.

Regarding the other mass merchandisers overview, Carlos gave the example of Intermarché, that has a more personal relationship with the local suppliers, as well as in a bigger scale, mainly due to the fact that they are less centralized and each Intermaché has their own owner, working has a franchising system. Lidl also has regional sections, but they consider regional products as typical Portuguese products, meaning that they are not necessarily from the local region from the store, which is not what JM is aiming for with the development of this job position. Auchan is known to have strong investment in local products, mainly in food and vegetables, and as Intermarché this bet is already taking place for a while.

Interview 10- Lidl (Nuno Rodrigues)

1-The value proposition of LIDL lays on allaying competitive prices with quality. In what way do you consider that this perspective changed the retail sector, mainly to the final consumer and local suppliers?

Nuno focused on the last years, starting to state that in the last years there has been a clear decrease in the purchasing power of their customers, therefore there was the necessity to adapt to the client needs. They noticed that certain products had a decrease on consumption, while other maintain the same levels, and the client is more attentive. While before, the main focus of the clients was the price, currently the client goes way more in detail, being attentive to the list of ingredients, price per kg, promotions within the chain and in comparison with other chains. Therefore, Nuno believes that this consumer behavior of being more attentive to the details, benefits LIDL, in the sense that they always aimed for the best possible combination between price and quality.

Considering the suppliers, that LIDL makes sure to name as partners, their main goal is to build on the relationship of promoting quality. LIDL doesn't distinguish the products from the local suppliers, in the sense of having a higher quality, when in comparison to mass products. Nuno stated that all products in LIDL must be at a high level of quality and that local products have certain specifications, such as being connected with the region.

2-In your perspective, what did the mass merchandisers, and in particular JM, bring to small communities and in what way did it impact their growth?

On the perspective of implementing a store, there is a natural economic impact, that is hard to quantify.

On the prospective of production, there are several examples. Nuno referred to smaller suppliers that started only with LIDL, and has they are a multinational, they serve as an entry door for other countries, creating extra exportation revenue for those companies, and helping on the local development, such as the example of pastéis de nata that are present in several other counties. About 1.3% of the Portuguese PIB was generated by LIDL. Nuno focused more referring to national products than to regional ones.

3-When you determine that you want to expand to a new location (or when you did it at the past), in particular considering small communities, what are the main factors that you account for?

LIDL implements stores where they believe there is potential. Some of the factors are the population of the location, there purchasing power, the presence of other LIDL stores in the surrounding area.

4- How do you create the contact between the local suppliers and JM? How do you reach the most relevant of the region?

Opening a store doesn't motivate looking for local suppliers. They are interested in having local suppliers with quality but they want to have those products present in store from a national perspective. Since Portugal is a small country LIDL is more interesting in benefiting from economies of scale. They are not interested in having regional products in a small amount of stores. Nuno referred that they go to regional fairs and visit local suppliers, but they are interested in suppliers that have the capacity to supply at a national level. There was already the case of suppliers that are only able to supply, for instance half of the stores, and are supported until they are able to supply at a national level.

5- How do you evaluate the local multiplier of LIDL?

As it is not possible to quantify the indicator in a percentage. Nuno believes that the indicator would be high, for instance due to the possibility of being present in stores outside of Portugal and the fact that the farm Portuguese products represent such a percentage of their revenues. One indicator studied by LIDL concluded that for each euro spent at their stores is generated 1.73 euros of wealth in the country.

6- In the pandemic time, what type of measures were applied to support local businesses? Are they still in practice?

Nuno gave an example of a project called "Na minha Terra", as they felt the necessity to support suppliers that were facing a high risk of closing, and also aiming to increase the number of Portuguese suppliers. They gave the possibility for local suppliers to prepare a pitch, in which they would present their products and their core characteristics. From this project several contracts were developed with local suppliers, an example are queijadas de Seia. This project continues to be developed as the feedback was very positive for both parties, LIDL and suppliers.

7-In what aspects do you consider that JM stands out from the other mass merchandisers in Portugal regarding a fair relationship between local suppliers and the company? What points do you consider that have space for improvement?

Nuno preferred to only speak about LIDL. He referred that there is a relationship of fairness with the suppliers, in which they make clear their standards and help the suppliers in the development of the products that could be present in LIDL stores. Nuno concluded that is every process there is space for improvement, but at the moment he couldn't think of specific problems nor possible implementations.