

# Mercadona

## A successful business Case

Jorge Hernando Cuñado

Ph.D. in Economics, University of Nebrija, Spain

Jorge Colvin-Díez

Ph.D. in International Business, University of Nebrija, Spain

Javier Enríquez Román

Ph.D. in Journalism, University of Nebrija, Spain

### **Abstract**

Mercadona is currently the largest Spanish distribution company, and one of the food companies with the highest turnover in southern Europe, able to grow and adapt to the circumstances of each moment, in what has been considered an unique business model. Juan Roig is its founder and owner, creating an unprecedented business model in Spain, placing the customer at the center of all its activity. It is a family model created in 1975 by Juan Roig's parents. He took over the responsibility of the company's management some years later (1981), starting up an expansion strategy that has reached, only in Spain, 1,600 points of sale in 2017. That year, sales reached 21,000 million euros, with 84,000 workers. Juan Roig implemented from its early years a new strategy known as "Total Quality Management", betting on finding the best products at the lowest prices. These, and other innovative actions in the fields of distribution and marketing, have transformed this Valencian company into one of the great national and international references of distribution.

**Keywords** Mercadona; business model; food distribution; Total Quality Management; Stakeholder Theory.

### **Introduction**

Mercadona is one of the most successful businesses in Spain of the last decades. They have faced strong competition from giants of food distribution such as El Corte Inglés, Carrefour or Lidl, emerging as the leader of the market. In this article we explain the origin of the company, how they managed to succeed and the business model behind this success.

## Analysis And Results

### *Origins*

Juan José Roig Alfonso was born on October 8, 1949 in Poble Nou, in the Spanish city of Valencia. With five older brothers and son of Francisco Roig and Trinidad Alfonso Mocholí, Juan was never a spoiled child, although he never lacked anything.

His parents made a small fortune with pig farming, in the harsh post-war years, in a time when families gave off jewelry and clothing in exchange for meat. With the purchase of a small slaughterhouse in Pobla de Farnals, north of Valencia, Cárnicas Roig was set up, at first with a store dispatched by his mother for years. Later, the acquisition of a sausage factory in Tavernes Blanques and an orange farm in Bétera would serve to build Mercadona's current headquarters. It will be in Bétera where Juan Roig established the "Fundación Roig Alfonso", for the labor integration of the disabled, fulfilling, in part, his promise to return to society part of his achievements (Caparrós, 2018).

In 1968 he began studying economics at the University of Valencia. There he met his wife, Hortensia Herrero, and with whom he would marry when he finished his studies in 1973. Later he completed his academic training with the master's degree in Business Management at IESE and a special program at the School of Senior Executives by Antonio Ivars. Here he generated a maxim in all his later work that he called "the universal truth of reciprocity," which consists first in giving, then asking and, ultimately, demanding (Alfonso, 2014).

During these years he studied the Maltese psychologist Edward de Bono about problem solving and the generation of new ideas, but above all, he knew in depth three business examples which will inspire him throughout his life:

1. The so-called economic "miracle" of Israel, which in a few decades has become one of the most advanced countries in the world, despite its complex political context, with the emergence of thousands of entrepreneurs.
2. The creation of a business model (unprecedented in Spain) that places the customer at the center of all its activity, and that the Irish Feargal Quinn, founder of the now extinct Superquinn distribution chain, was one of its pioneers.
3. The total quality model of the Japanese vehicle manufacturer, Toyota, in its search for the highest possible efficiency working for those who relate to it, starting with the workers. Juan Roig was one of the first entrepreneurs in Spain to introduce practices that were later called "corporate social responsibility".

In 1975 Juan Roig joined "Cárnicas Roig". By that time, the Roig family wanted something similar to the Italian supermarket Esselunga. From selling meat products,

they incorporated canned food and drinks into the shopping list. His success was immediate. The Roig family had labeled these first supermarkets as “Súper Mercadona”, joining the words in Valencian “mercat” and “dona” (market and women). Juan wanted to establish, in his first months in the company, innovative ideas in Spain such as postponing payments to suppliers, to ensure liquidity, or improve the salaries of their workers. His father did not seem very happy with these ideas and two years later, in 1977, there was a schism in the family. Juan wanted to lead the project and turn the company into what it became a few decades later, but the resistance of a large part of his family was brutal. The confrontations between Juan and his father were so many and so deep that the son ended up being fired from the company (Azagra - Ros, 2017).

From then on, both Cárnicas Roig and a newly acquired tile factory in Castellón, Pamesa, by the Roig family, began to face economic difficulties. For his part, Juan decided to start his own supermarket project, without any interference from his family, founding “Supermercados 2001”, opening his first point of sale in Senyera street, in Valencia capital. He was accompanied by some former collaborators of Mercadona and Cárnicas Roig, not very happy of the way the other members of the Roig family were conducting their businesses.

A few years later, in 1981, both supermarkets merged. Juan convinced the rest of his family that his ideology of how to run a supermarket was the most efficient. As of that year, the closing process of Cárnicas Roig began and Mercadona will be managed by Fernando, Juan’s brother, although Juan would be making all the important decisions in the future. “He who has a model has a treasure”, Juan Roig used to repeat in those years.

The first months of 1988 saw the inauguration of the logistic center of Riba-roja de Túria, in Valencia, the first fully automated warehouse in Spain in the distribution sector. Mercadona bought the Superette supermarket network, with 22 points of sale in the province of Valencia, acquiring other small distribution chains in Madrid, Catalonia or Andalusia. In 1997, Mercadona consolidated its position as the largest distribution chain in Spain, by purchasing more than one hundred supermarkets of the Almacenes Gómez Serrano chain in Andalusia. The Gómez family was given 7% of Mercadona’s shares and a seat on the board of directors, thus creating a loyal partnership. By then, Juan Roig and his wife controlled most of Mercadona’s capital, thanks to an acquisition in 1990 (Caparrós, 2016).

Mercadona’s board of directors hardly had any influence on the close management of the company. It meets twice a year, approves the accounts and the distribution of dividends, but the daily management of the company falls directly into Juan Roig and his steering committee, people of his total confidence to which he demands proposals, results and absolute loyalty.

Although many consider that it is a myth, the economic journalist Javier Alonso could see how many meetings, and decisions of the steering committee, are made in a van - room that takes them from store to store throughout Spain. Juan always believed that observing the company from a comfortable office would not lead him to know the reality of his business, hence he visited, many times by surprise, some of his points of sale throughout the year (Alfonso, 2014).

One of the Roig's maxims was also the self-assessment of all its employees, always being alert. This way, as soon as he and his wife took control over most of the total ownership, Mercadona was able to face the competition of large supermarkets of French capital, such as Pryca, Continente (later Carrefour) or Alcampo, which were appearing in Spain in the decade of the eighties.

Initially, Mercadona won the battle against these giants of the distribution with their own weapons, with offers and promotions very limited in time, fleeing from what, ironically, has become one of its strengths throughout the years: white brands.

A turning point was the economic crisis of 1992, after the Olympic Games in Barcelona and the Expo in Seville. Since that year, a very strong economic crisis came to Felipe González's socialist Spanish government due to three devaluations of the currency, which greatly impoverished the Spanish population, and reaching an unemployment rate of more than 20% (Rodríguez López and López Hernández, 2010).

Juan Roig, at that time, decided to start up a business model in his company that he already knew, and had studied thoroughly in his postgraduate student years: the business model of the Japanese manufacturer Toyota. Some of his relatives considered that it was an impossible model to implement in a distribution company. However, Juan Roig managed in a few years to operate the company "as a clock" and tried that clients could find very close to her or his residence a Mercadona supermarket. A "Supermarket of trust" as its logo says. Roig looked for an almost "identical" character of himself in his company, which is a total quality requirement that is implemented in every point of sale of the company.

One of the first steps was, in 1993, small hexagonal posters with three large letters: "ALP" (Always Low Prices). After, the posters with offers or 3x2 (take 3, buy 2) disappeared in the belief that nobody reads the posters with offers. The observation of a supermarket manager in Moncada, Valencia, about the success of a type of beer with the same (low) price for years, convinced Mercadona management to launch this "Always Low Prices".

In addition, Juan Roig came to the conclusion that his commercial strategy was not to invest an euro in advertisement. "It's throwing money away", Roig told Javier Alfonso journalist. Except for a magazine of its cosmetic products, Mercadona did not invest in

advertising, mailing or conventional media such as newspapers or television. Neither, throughout the years, on Internet. Juan Roig decided that he would face the large French distribution areas, which make significant investments in advertising, with the lowest prices in the market, without sacrificing quality.

Most of the distribution companies in Spain and in many other countries, apply the so-called theory of profit maximization, which consists in setting the highest price that customers admit or tolerate to pay for a given product (Niño-Becerra, 2013). Juan Roig changed this radically, lowering prices as much as possible, earning less per unit, but guaranteeing a loyal and growing clientele.

Therefore, the management team made two decisions of great importance:

1. Limit as much as possible the number of references and focusing on those with greater turnover, thus making the product cheaper. From the first moment, Mercadona eliminated products such as DVDs, books or textiles, focusing on food and cleaning.
2. Betting on white brands, thus controlling the production and reducing (as far as possible) foreign distributors and other suppliers. In 1996, the white brand Hacendado was born. Although his early years were difficult and of “moderate” quality, Juan Roig decided to put in place a risky but simple strategy: to sign very long term contracts with many manufacturers and suppliers, following the maxim of “safety, quality and price”. In 2011, more than 40% of the products purchased at Mercadona were its white brands. That same year, a report of the OCU (the Spanish Consumer Association) on whole milk in Spain, highlighted the Hacendado brand as the second best milk on the market, second only to Pascual. Other white brands of milks, such as Carrefour or Día, occupied the last positions. This policy led Roig to remove many products from major brands from the stores and replace them with Mercadona’s own products. Sales came out reinforced (Público, 2011). A year later, another report from the OCU highlighted that the best olive oil in the national market was Mercadona’s (with the name of Hacendado), surpassing the popular Ybarra or Hojiblanca. Although it took decades, Juan Roig managed to remove the bad reputation of white brands... at least to his own white brands.

The 2008 financial crisis affected Mercadona like any other large distribution company in Spain. Juan Roig then decided to make the most of his motto, really putting the “boss”, that is, the client, at the center of the brand’s activity. Tired of seeing how their sales points lost customers, he created the role of the monitor. His mission was to observe the “boss”, their behavior and tastes, to chat with them and, beyond recommending products, have a direct relationship with them.

Various round tables and meetings with Mercadona clients were set up with the aim of knowing their opinions and new tastes. From this information, and with the aim of anticipating the new tastes of the market, the so-called Apron strategy was created, led by one of the daughters of Juan Roig, Carolina, and with one million euros invested on innovation. The aim was to bring to all the Mercadona stores products that customers seem to want, at reasonable prices and with quality, as a test. The success was resounding (Zafra, 2012).

The model was called “Total Quality Management”, something revolutionary in Spain, where customers became the essential element of the company, and all the workers (from managers to suppliers, cashiers or replenishers) had the maximum responsibility to satisfy their needs. For this reason, Juan Roig opted for good products, low prices and quality service.

In general, this new model involves giving the customers in the condition of “bosses”, and after them, workers, suppliers, society and capital. That is, putting the benefit to the owners last. It may be the longest road, but over the years, it has proven to be the most effective (Mira Candel, 2013).

## **The Business Model**

There is no doubt that Mercadona is one of the most innovative businesses in Spain. The company has a 24.9% market share in the grocery sector, following by Carrefour (8.3%) and Grupo DIA (7.6%) (Kantar worldpanel, 2018). The business faces strong competition from multinational companies like Carrefour, Lidl or Spanish competitors like El Corte Inglés o Grupo DIA. However, Mercadona is the undisputed leader of the Spanish market. We analyze its model and find the reasons behind its success.

Mercadona’s business model has been widely studied and analyzed. It is based on high quality and low prices. The objective of this “Total Quality Model” is to satisfy its five components: “the Boss” (clients), the Employee, The Supplier, Society and Capital. The company changed the conventional high-low pricing strategy applied in the industry to “always low prices” and uninterrupted improvement (Ton & Harrow, 2010). In addition to shareholders (capital), Mercadona is taking care of Customers, Employees, Suppliers and Society; therefore, we can affirm that they are applying the principles of stakeholder theory. The objective of managers is to create value for all these actors who have an impact on the firm. What is clear is that the cornerstone of the business are customers, but they recognize the importance of the other factors. The firm maintains a close relationship with customers and employees have permanent positions and wages above the sector average. Furthermore, there is a good working environment, the company offers good training and a balance between family and work, and there is

a strong and stable commitment to suppliers and the firm is involved in social projects (De la Calle & De Calle, 2012).

Another reason for the success of Mercadona is that they develop new products and services to improve the existing ones according to customers' needs. They work together with their customers and consult with them to innovate. How do they do this? They apply the "Apron Strategy". There are co-innovation centers where customers cook, clean, or use Mercadona products. Mercadona's monitors listen to customers' recommendations, complaints and suggestions. This valuable information will be used to innovate, improve and create new products and services. Therefore, Mercadona is a company that applies the principles of marketing and gets the benefits out of it.

Mercadona has developed its own brands: Hacendado, Bosque Verde, Deliplus and Compy. These brands have been consolidated in the Spanish market during the years of the financial crisis and they today compete with the manufacturer brands. This was a big achievement as Spanish consumers did not spend much money on store brands before the crisis and they were considered cheap and of poor quality. Little by little, Mercadona changed that perception with its own brands. Nowadays, the image is good value for money, one such as being Hacendado, one of the most successful private brands in the Spanish Market (Matellanes, Villota, & Merino, 2018).

In order to offer the best price-quality relation, the company works in a very close relationship with its suppliers. They usually have long-term contracts and share with Mercadona the information about processes and margins (Amat & Valls, 2010). In terms of Porter's five forces, the bargaining power of suppliers is very limited. However, suppliers are interested to work with the company due to the high sales volume they get. This way, Mercadona adjusts quality and prices to offer very competitive products.

It is important to take into the account the decline of hypermarkets and the rise of supermarkets, more specifically Mercadona, during the 21st century in the Spanish Market. Hypermarkets like Hipercor, belonging to the El Corte Inglés group, or Carrefour had been really successfully during the 20th century. In 2005, Mercadona overtook Carrefour in sales volume (Olivares, 2006). The difference between them became larger during the crisis. Nowadays, Spanish consumers prefer smaller purchases and buy closer to their homes. As we stated before, the innovation and the success of private brand are causes of this tendency.

Mercadona is applying the principles of the circular economy (Morato, Jiménez, & Tollin, 2017). They work to reduce its environmental impact through logistics optimization, energy savings and waste management. Mercadona invested 52 million euros over 2015 and 2016 to improve its processes to be more respectful to the environment. They strove to find locally sourced products in order to shorten the logistic chain and use trucks at full capacity. Moreover, they have started a new efficient store model that results

in energy savings that reduce its environmental footprint. They have implemented measures to make the most of all the food and there are redistribution programs to provide expired food to people who need it (Mercadona, 2017).

The 2008 crisis was a very important challenge for Mercadona. It had a very big impact in the Spanish Economy, economic activity plummeted and unemployment reached 26% in the first quarter of 2013 (INE, 2013). In 2008, the company started to lose customers and it had to readjust the business model. They reviewed all the products on sale and took out unsuccessful references and changed them for basic and cheaper elements. They reduced prices as far as possible, being the objective to offer high quality products at the lowest possible price (Blanco Callejo, 2012). In order to get this, they implemented multiple cost reduction measures, from internal processes to logistics (Amat & Valls, 2010). All these actions were fruitful and Mercadona overcame the crisis and reinforced its position as market leader.

One of the most important pillars in Mercadona's success is the workers. The philosophy is that they must be satisfied in order to satisfy the customers. Besides permanent positions and wages above the sector average, they have performance-related bonuses and the company makes a high investment in training. Furthermore, the firm encourages internal promotion. Mercadona's employees order and consume the company's products and suggest improvements in articles, packaging or transportation (Ton & Kalloch, 2017). They also suggest and give information to customers about the company's products and services. These actions are not very usual in the supermarkets in Spain, where supermarket employees rarely have any contact or give any recommendation to customers. What is clear is that Mercadona's workers are motivated and feel part of the company, this makes the difference in respect to competitors.

In regard to internationalization, Mercadona has plenty of room for improvement. The company has 1,627 supermarkets in Spain, but none abroad. However, the company has planned to open four supermarkets in Portugal in 2019, making an investment of 25 million euros. In order to start in Portugal, the company has created the Irmãdona Supermercados company, which means "Mercadona's sister" in Portuguese. The main headquarters will be established in Porto. In June 2017, they opened the first co-innovation center in Greater Porto, the objective being to learn from prospective Portuguese customers how to satisfy their needs better than competitors.

Mercadona is improving its online business. The company had not focused seriously on this area as profitability was low and it was not considered part of its core business (Villaécija, 2017). This has changed and they have developed an online project, Mercadona Tech, led by Juana Roig, the daughter of the president and founder of the company. There are 150 employees working on the project and they have spent 20 million euros.

The company has developed a new website, more intuitive and easier to navigate, and two mobile applications, for iOS and Android. The orders are delivered from big logistics hubs and not from the supermarkets with the first of these hubs having been built in Valencia. They have already started to sell online in the region of Valencia and want to extend online sales to Madrid, Barcelona, Seville and Bilbao by 2020. The new delivery system improves productivity compared with delivery from supermarkets. In order to receive the order at home, customers must spend at least 50 euros and they must pay 7.21 euros for preparation and shipment. All things considered, Mercadona is making a big effort to update and improve its online business. The online channel is considered a big opportunity and competitors like Lidl or El Corte Inglés are focusing on the Internet as well.

Regarding the marketing, unlike its competitors Mercadona, does not use mainstream media to reach prospective customers. They are present in social media and pay attention to the quality of their products, supermarket locations and employees' skills with customers (Dueñas & Fernández, 2017). The "word of mouth" marketing strategy works perfectly well for the company, empowered by workers. Innovation and the price-quality relation of the products are the foundation of Mercadona's marketing strategy. Furthermore, the co-innovation-centers are where the company works together with clients to understand their needs and preferences. This way, the company learns from its customers and produces what they want. Therefore, Mercadona is a marketing-oriented company, the satisfaction of the customers is what comes first, followed by the other parts of the model: Employees, Suppliers, Society and Capital. Moreover, following the strategy "Always Low Prices" the company does not make promotions or discounts and does not need to advertise them.

## **The 4 keys of Mercadona's business Model**

### *The Boss*

Mercadona's aim is to keep improving in order to satisfy "The Boss". To this end, in 2017 they were extremely active, carrying out inaugurations and refurbishments in the network of supermarkets to include the New Efficient Store Model (Zafra, 2012). The company also started the global fresh products project, in addition to developing initiatives put in place in previous years, such as the effective selection and the co-innovation model. There are four main areas:

1. **New Efficient Store Model:** The company refurbished 126 supermarkets in total which, together with new openings, add up to 157 centers adapted to the New Efficient Store Model, with a total investment of 385 million euros. This new model clearly showcases the company's commitment towards conceptual innovation, which in this case allows for optimizing the shopping experience, while bringing about energy savings of up to 40% in comparison to a traditional store.

2. **Effective Selection and Prescription:** Mercadona has continued to develop its Effective Selection strategy together with integrated suppliers and specialist suppliers. To this end, the company has its Co-innovation model, which is a pioneer project that started in 2011 through the Apron Strategy. This strategy is based on sharing food, laundry and household cleaning, personal hygiene and pet care and nourishment client experiences and habits, which allows to identify needs and offer the right solutions to clients. In order to develop all this co-innovation strategy, throughout 2017, Mercadona held almost 9,000 sessions with its “Bosses” in its different centers (Niño-Becerra, 2013), which allowed it to identify specific needs and provide answers, both by introducing improvements or new references across all sections.
3. **The Golden Rule:** Any product in the selection must first guarantee food safety, then quality, followed by appeal. It must also be part of an effective selection, sold at the lowest possible price, the best service must be offered, and lastly, the least possible time must be spent on buying it. In order to offer its clients the best possible guarantees, Mercadona has a Quality Management and Food Safety System in place that encompasses the entire supply chain, from the origin, all the way to the final consumer, and it carries out meticulous controls of each and every one of the processes.
4. **Ongoing communication with “The Boss”:** For Mercadona, an ongoing dialogue and communication with its “Bosses” is key, as their suggestions and thoughts lead to the introduction of improvements. Because of this, everyone who forms part of the workforce is involved in this task on a daily basis, and the company places a number of direct communication channels at their disposal (Caparrós, 2018).

### *The Employee*

At Mercadona, talent is a key value. Talent that is focused on a common purpose: striving to offer “The Boss” an excellent service on a daily basis. There are three specific strategies:

1. **Fostering stable, quality employment:** In order to fully satisfy “The Boss”, Mercadona has once again allocated a great deal of resources in fostering the personal and professional development of all who form the company. This includes increasing the talent of its workforce - its most important asset - both by providing training and by creating some 5,000 new stable, quality jobs (15 per day on average), which has resulted in a workforce of 84,000 at the end of the year (Mercadona, 2017). All these people share the values of the Mercadona Model (Dueñas & Fernández, 2017). A team that makes decisions, takes risks and learns from mistakes to further its talent while taking full advantage of its own skills and knowledge to successfully approach the goals and continue to further the Mercadona project (Caparrós, 2018).

2. The company's Equality Plan: stems from a commitment towards developing professional relationships that are based on equality, quality employment and respect towards diversity, whereby any kind of discrimination based on gender is forbidden. In other words, "same responsibility, same pay".
3. Sharing profits with the employees: In order to encourage leadership and to reward the personal and professional effort made, Mercadona has in place a variable remuneration policy through which it acknowledges employees for achieving the objectives set by sharing the profits obtained throughout the year with them. For 17 years, the company has rewarded employees with more than one year's service who achieved their individual objectives, previously agreed on for their post. In 2017, Mercadona distributed a total of 313 million euros among 98% of its employees by way of performance-related bonuses (Mercadona, 2017).

### *The Supplier*

In order to satisfy customers' needs and to consistently offer "The Boss" the very best solution, it is key that Mercadona suppliers deliver innovation and productivity, and this starts by them specializing in what they do best. There are three key areas:

1. Integrated Suppliers: Mercadona collaborates with 120 integrated suppliers and more than 700 suppliers, all specialists in fresh and dry products who have helped to incorporate a certain know-how onto the company's shelves, while boosting local, proximity products that are fresher and more specialized (Villaécija, 2017). The company has worked in close collaboration with all of them to achieve the common objective of fully satisfying "The Boss", to adapt to their tastes more efficiently and with improved agility and to further reinforce its effective selection.
2. Specialized suppliers: In order to successfully address these specialization endeavors, the company has strengthened its Purchasing and Prescription departments, which in 2017 comprised 900 managers divided into five Purchasing and two Prescription departments, all specializing in different products and categories (Ton & Harrow, 2010).
3. Logistic centers: In order to face the challenge of increasing capacity while maintaining the company's constant growth, Mercadona is developing its sustainable logistics project while defining its stock, logistics processes and resources criteria and establishing the best location for its logistic hub (Villaécija, 2017). As a matter of fact, Mercadona has consolidated its investment in technology by introducing automated logistics centers that are pioneer in the sector and that represent an engine of productivity and competitiveness.

## *Society*

Mercadona's Total Quality Model is an ethical management model (Ton & Harrow, 2010) that generates value for all its stakeholders by pursuing sustainable growth. In keeping with its theory that "change is the most stable of the company's features", Mercadona incorporates ongoing improvements that have contributed to build its project, a project that has evolved through responsibility, transparency, cooperation, dialogue and empathy (De la Calle & De Calle, 2012).

In 2017 the company once again showed its direct and indirect contribution to society as a whole through numbers: 1,441 million euros, of which 758 million euros correspond to Social Security payments, 108 million to corporate income tax, 478 million to VAT and Personal Income Tax, and 97 million to other taxes and duties, as well as a contribution of 4,160 million euros to the national GDP (Mercadona, 2017).

One of the key areas is the support to the entrepreneurship, where there is a commitment to give back some of what Mercadona receives to its environment, by sharing innovative initiatives that generate efficiency and productivity. The objective of this commitment is to contribute towards training businesspeople, executives and entrepreneurs by instilling in them the fundamental values of the Total Quality Model. "Marina de Empresas" is one of Juan Roig's personal initiatives, whose mission it is to train, advise and finance entrepreneurs of today and of the future, which constitutes a commitment towards generating wealth and employment, as well as fostering entrepreneurship.

## **Conclusion**

Mercadona is one of the most successful companies in Spain. It is the market leader and its sales have increased year after year, even in the years of the crisis.

They have developed a model based on satisfying customers, but they also take into account other key agents: Employees, Suppliers, Society and the Capital, showing they are applying stakeholder theory. Innovation is the cornerstone of the business, they investigate together with customers in their co-innovation centers in order to understand their tastes and preferences.

This way, they can improve products and produce exactly what the customer wants. They overcame the crisis by offering an excellent price-quality relationship in their products, the best quality at the lowest possible price. In order to do this, they had to adjust their processes, suppliers and the range of products. As a means to satisfy customers, the employees must be contented first, this is the reason why Mercadona takes care of its workers with permanent positions, salaries above the sector average,

training, conciliation policies and performance related-bonuses. The company works closely with suppliers in long-term relationships; they get a high sales volume, but they must follow Mercadona requirements, controls and demands. There are two important challenges on the horizon: the internationalization of the company (they start to sell in Portugal in 2019) and the development of the online business. They have made important investments in both areas and its founder, Juan Roig believes the future growth of the company lies there.

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