A Work Project presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA - School of Business and Economics

A Communication Strategy for Continente: Proposals to Improve the Online Services

Daniel Passos de Sousa, #801

A Project carried out on the Field Lab – Fuel Communication Agency – with the supervision of:

Professor Luísa Agante

June 2012

A Communication Strategy for Continente: Proposals to Improve the Online Services

Abstract

This project aims to develop an innovative communication strategy to fulfill an unexplored gap in the online services provided by Continente. Thus, the proposals presented emerged from the opportunity to explore the characteristics of the new customer profile – an up-to-date technology user, looking for convenience – that are not being suitably addressed by the brand. The proposed communication strategy is based on the findings of the market research conducted and matched with the brand's strategic objectives for the future.

Keywords: Food Retail; Continente; Online Services; Technology Users; *Smart Shopping*

INDEX

I. INTRODUCTION

The purpose of this project is to define and develop a creative communication strategy for the leader in food retail in Portugal – Continente.

A new era has arrived for this competitive industry and the current challenging times require a suitable approach by companies. Due to the new contingencies, a new consumer profile emerges – customers are more demanding and careful before making their final purchasing choices. This new customer combines new traits, such as the need for convenient shopping and the daily use of new technologies. Hence, Continente should understand what the market and its customers are demanding and react accordingly.

The aim of this report is to develop a suitable response to the brand's underperformance demonstrated in a specific area - online services. More precisely, the new strategy is focused on a particular customer segment that is not having their needs met – the technology users.

This report will start with an introductory analysis of the current situation of the brand, the market and its consumers. The goal is to gather valuable information that could be matched with the insights received from market research. For this purpose, an online survey was conducted about the brand and the food retail market in Portugal, which was then complemented by a clarifying qualitative research of a pre-selected group of respondents[1]. Then, a communication strategy will be defined in order to explore the opportunities found and fill the above-mentioned gap. The strategy is tailored to the brand's strategic objectives. Finally, some concrete proposals will be made with the purpose of improving the online services provided and sustain the strategy created.

---

[1] Qualitative research: a personal interview to the Continente Modelo – *Paços de Ferreira* store manager and in-

II. SITUATION ANALYSIS

To get accurate insights, a detailed **situation analysis** was conducted. The analysis is divided into thee contexts (i.e. brand, market and consumer), which aims to guarantee the required identification of the brand's main **problems**.

1. Brand Context

1.1. Company Overview

The retailer company **Sonae** started its activity in Portugal in 1959 and its core business was focused on the lumber sector as a producer of decorative laminates. In the 70s, a **diversification strategy** was implemented in order to expand the business to new attractive sectors. Firstly, Sonae entered the chemical industry and years later the company set up a joint venture with the French company Promodès in order to **invest in the retail and distribution business**. Currently, Sonae has **holdings** in the communication and software sector (Sonae.Com), **specialized food retail (Sonae MC)** [2], non-specialized retail (Sonae SR*)*[3] and shopping centers (Sonae Sierra). The company is classified as the largest private employer[4] in Portugal.

1.2. The Brand - Continente Background

The Continente brand was created in 1985 as the **first hypermarket in Portugal** and is now the **biggest retailer** in the country. It started as a joint venture between Continente (owned by the French retailer Promodès) and Modelo (owned by Sonae) creating the partnership Modelo Continente S.A. In 1998, Promodès merged with Carrefour and years later the new management decided to disinvest in the partnership with Sonae SGPS, S.A., leaving it as the single partner.

---

[2] Refer to Appendix 3 in Booklet 2 for understanding the Sonae MC formats.
[3] Refer to Appendix 4 in Booklet 2 for understanding the Sonae SR composition.
[4] The company employees more than 40.000 collaborators (Source: Sonae*; Link: www.sonae.pt*)

1.2.1. Food Retail - Continente, Continente Modelo & Continente Bom Dia

The Continente[5] **hypermarkets** are mostly located in shopping centers around the main cities in the country. They combine key characteristics that have been present during all these years, such as: competitive prices, a variety of products located in the same place and a quality service combined with promotional approaches. Currently, Continente has a wide network of stores[6] around Portugal with an average sales area of 9,000 m2. In addition, the company expanded their brand to other type of formats: a **supermarket chain** - Continente Modelo - with a sale's area of under 2,000 m2; and also the **convenience supermarkets** with around 800 m2 - Continente Bom Dia[7].

2. Market Context

2.1. Sonae MC Market Performance

In the retail business in Portugal, **Sonae MC is the market leader** with a current market share of 25,4%[8]. In the last year, the total area of sales of the company's retail sector has increased to over 1 Million m2, combined with a 2% growth in the food business[9]. This **small growth** is justified by the company's fast response to changes in consumers' habits in these times of crisis. More precisely, there was a strong investment in the production of Continente's private products and in the creation of attractive promotions that are continuously offered to its customers, such as those presented for Continente Card members.

2.2. The Food Retail Business in Portugal

Within the Portuguese industry, the retail business has a **high concentration level** at the top with the five largest groups of food retailers having a considerable market share of

[5] Refer to Appendix 5 in Booklet 2 for the brand's SWOT analysis.
[6] Currently, there are **176 stores** in Portugal under the brand's holding (Source: Sonae).
[7] Source: *Continente* Press Release (14/03/2011)
[8] In the second semester of 2011 (Link: http://economico.sapo.pt/noticias/continente-reforca-lideranca-de-mercado-face-ao-pingo-doce_125168.html)
[9] Source: Sonae MC Press Release (25/01/2012)

69,9%[10]. Nevertheless, Portugal still has a lower concentration level compared to the European sector average (*APED* 2010).

As we can observe in **Chart 1**, the **five largest food retail groups** [11] are: Continente, Pingo Doce, Intermarché, Lidl and Minipreço. Currently, Continente is the market leader followed by its main competitor - Pingo Doce*[12]* -with 18,9% of market share.

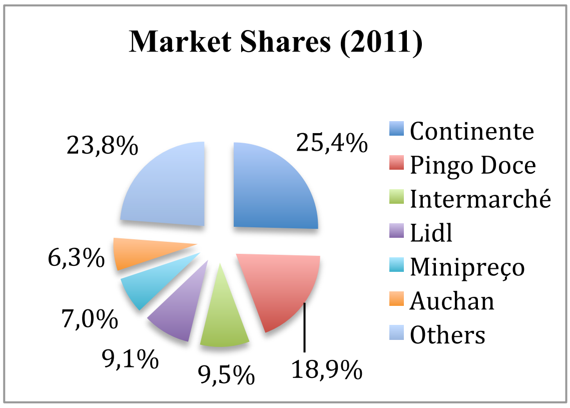


Chart 1: Food retail market shares (Source: Diário Económico)

Closely connected to this market factor, the food retail business is also characterized by a **fierce competition** among these players. Thus, continuous investments in marketing campaigns and appealing promotions are some of the tools regularly used to attract new customers and gain market position. So, since the first Continente hypermarket opened, there have been relevant changes in consumer's habits. Thus, the biggest retail stores such hypermarkets and supermarkets have been dominating the business, which left the small and **traditional** shops with less space within the market[13]. The new stores offer a wider range of diversified P&S[14] located in the same physical space with lower prices than traditional retail. In fact, customers' habits were affected and naturally adapted to the new characteristics of the industry[15]. The competition has also increased due to the **appearance of a new segment**: the discount and low-cost retailers such as Lidl or

[10] Source: Diário Económico (2011)

[11] Refer to Appendix 6 in Booklet 2 for a general overview about the market main players.

[12] **Pingo Doce registered an 11% growth** in total sales volume between 2009 and 2010. During the same period, Continente showed lower results - 4% of growth –, which demonstrates the competitor's gain of market power. (Source: APED Ranking 2010; Link: http://aped.pt/Media/content/313_1_G.pdf)

[13] Despite the market share losses by traditional retailers, **Portugal is still one of the top countries with largest number of conventional shops in Europe** (source: *APED* 2010)

[14] "**P&S**" stands for Products and Services.

[15] Refer to Appendix 7 in Booklet 2 for the modern retail overview (Source: Case Study - *Mudança no sector alimentar: O Pingo Doce. Case,* 2011)

Minipreço. Due to these difficult times, these discount shops are gradually gaining market share and becoming a valuable alternative for Portuguese customers. Due to the fast growth by modern retail and the increase in competition, the sector is achieving its **maturity**. Therefore, no new competitors are expected in the near future. In the next years, brands will continue to seek to gain market shares and consolidate their position in the market. In fact, the crisis is also reflected in this market, where an overall sales **stagnation** was registered in the past year. Hence, since consumers are less loyal to one brand (APED 2010), restoring their fidelity will become an important challenge to the food retail companies.

2.3. Main Objectives for the Food Retailers

Following the described situation food retail players should focus their future approaches on these five challenging objectives: to establish effective brand **communication**; to reinforce **customer confidence** in the brand; to **adapt and react to the crisis**; to explore and anticipate **new trends** to match their customers' needs; and finally, to create long-term **loyalty** bonds with the consumer.

3. Consumer Context

3.1. Customer's Decision – Basic Criteria[16]

First, let's explain the **three main factors** within the customer's decision-making process: **price**, **variety of P&S** and **convenience**. In fact, the **price** has a higher relevance in these times of crisis and it contributed to strategic adjustments within the market[17]; then, the importance of offering customers a **multiplicity of choices** is evident: this factor leads to an increase in the convenience factor since a wider range of products in-store

---

16 Refer to Appendix 10 in Booklet 2 for the consumer's basic decision criteria schema (Source: Case Study - *Mudança no sector alimentar: O Pingo Doce. Case, 2011)*

17 On the one hand, this factor contributed to the appearance of the **discount shops** in the market; on the other hand, the largest stores started to invest their "**private-brands**" to target the price sensitive clients. The low prices are supported by a lighter cost structure due to bigger economies of scale and lower production prices. Hence, the lower margins are sustained by massive sales volume.

allows customers to concentrate their shopping in one place; finally, **convenience** factors such as long opening hours or parking availability are relevant in consumers' minds. In other words, the need for efficient shopping in terms of money and time became an important variable for consumers.

3.2. Trends in Consumer Behaviour

3.2.1. Consumer Major Trends

In fact, times are changing and companies should identify new trends in order to define the new emerging consumer profile currently present in Portugal.

According to Fuel, there are **three major trends**[18] that Continente identified[19] for its customers' behaviours. First, there is the new "**cocooning**" trend where customers focus more on themselves, which means that they became more individualist and less social. For instance, customers try to centralize their activities at home by using Internet and opting for "home-delivery" services. Secondly, as financial efforts have increased for most of Portuguese consumers, Continente is aware that the factor price is crucial - **price sensitive**. Therefore, customers are looking to save money, and overspending will be reduced and adjusted. This will lead to a more complex and mature purchasing process, where details could determine the final decision (e.g. promotions). Then, the complexity of the decision-making process due to the easy access to information in the market and the fact that their mind-set has adapted to the crisis, consumers are looking for services that provide them a wider **variety of products**. Hence, the consumer has the opportunity to decide which are the best options matching their budgets – ***smart shopping***[20]. As we

---

[18] There was also a fourth major trend identified - ***Food Loving*** (i.e. a new trend related to the higher relevance of food within the consumers' habits). However, since this trend does not hear on my future analysis and proposals I have decided to just highlight the other three major trends identified**.**

[19] Source: Fuel - Continente

[20] ***Smart shopping*** – tendency to invest in a deeper research to seek valuable information in order to achieve the final "smart" choice (i.e. price savings or perfect price – quality combination). Link: http://www.acrwebsite.org/volumes/display.asp?id=8093

can notice, these three major trends are connected to the three main factors mentioned above that determine customer's decision[21].

3.3. New Consumer Profile[22]

Adding the major trends previous identified, there are new tendencies that are emerging among consumers that allowed us to define the **new customer profile**.

A new type of consumer has emerged that is different from recent years. This new consumer is searching for **new consumption experiences** that define him against massive consumption and waste of money. Also, he/she is more **demanding** about his final choices, which makes the decision-making process more complex. Hence, the consumer searches for types of products that have specific characteristics: **singularity**, **low price** and **quality**. This particular consumer praises the **convenience** factor more than ever. He/she tries to be as efficient as possible in his/her choices, which leads to a deep research about the market and a continuous interest in attractive promotions. Here the **new technologies** have a major role, a factor that is associated to the "**cocooning**" trend and ***smart shopping***. Finally, **health** and **social responsibility** are also relevant tendencies to the new type of consumer and should not be neglected by the company.

4. Brand – Relevant Insights

To define a suitable strategy, I aimed to identify the **brand's problems**. For this purpose, first I will highlight the **significant insights** that I was able to detect through market

[21] In other words, the "**cocooning**" trend shows us the importance of convenience; the number of **price-sensitive** customers is increasing, which makes price a key decision factor; and, the **variety of products and services** in a store is a variable that influences the consumers in their decision.

[22] Refer to Appendix 1 for the new customer profile characteristics (Source: Sonae MC – How to increase market share? *Reflexão Estratégica*,2011).

analysis and the research[23] done about Continente. The following table presents the relevant research insights perceived about the **brand**[24]:

Positivie Insights	Negative Insights
• Variety of P&S • Brand recognition • Quality • Market leadership • Attractive promotions • Partnerships • Social initiatives	• Clients limited purchase power • Higher competition - Pingo Doce • Unpleasant shopping experience • Weak association to low prices • Online services results

The market research confirmed that the **variety of P&S** provided by Continente stores is considered the most positive quality from the customer's point of view. In fact, 38% of the survey's respondents[25] associate this feature to the brand. Hence, the brand has high **recognition** among Portuguese customers, which is demonstrated by the 22% of answers that established a clear brand association to the **quality of P&S**[26] provided. This performance allowed Continente to remain the **market leader** in the past years.

The continuous strategy of implementing **promotions** that are attractive to customers has maintained their confidence and loyalty. Actually, the promotional efforts have represented 80% of sales in the first semester of 2011[27]. One of the company's most successful ideas was the creation of its Continente *Card* that has already almost 3 million customers all over the country. Besides the promotional campaigns, Continente has been

---

23 Refer to Appendix 2 in this Booklet and Appendix 12 in Booklet 2 for the online survey overview - *Questionário sobre o Sector de Retalho Alimentar, 2012.*

24 Refer to Appendix 14 in Booklet 2 for measuring the brand in four categories: awareness, image, loyalty and quality.

25 Refer to Appendix 3 for brand associations: the **variety of P&S** was the attribute that customers easily associated with the Continente's image.

26 "**Quality**" was considered the second strongest brand association (Refer to Appendix 3 for brand associations).

27 Source: Continente Press Release

investing in **partnerships** with companies from different sectors (e.g. Galp or EDP)[28] that provide mutual discounts in their respective services[29]. Finally, the customer has a social conscience[30] and values the brand's **social initiatives**[31]. This type of alliances helped to improve Continente's image.

However, the focus of my research was on the opposite aspect - the **negative insights** – in order to recognize opportunities to be explored by the brand in the future.

Through my situation analysis, I was able to identify that there are two market factors that negatively affect the current brand's current situation. First, due to the country's financial crisis the potential customers have **limited purchase power** and several constraints in their budgets. Hence, the brand should be aware that people would search for more economic options in order to match their needs. In addition, Continente is aware of the recent growth of its main competitor: Pingo Doce. For 40% of the survey's respondents, the Continente's main competitor is already their favourite supermarket chain[32]. Thus, this **intense competition** is supported by the current factor that customers are less faithful to brands since they started to research more before their final decisions (APED 2010)[33].

Other identified negative insight relative to Continente is that customers feel that their **purchase experience is not pleasant** (APED 2010)[34]. Due to the large size of the stores

---

[28] For instance, Galp (oil and natural gas market) and EDP (electricity market) are two of Continente's current valuable partners.
[29] Link to EDP partnership news: http://www.portal-energia.com/edp-e-continente-criam-parceria-com-10-de-desconto-em-cartao/.
[30] Refer to Appendix 1 for the new customer profile characteristics.
[31] Continente is commonly recognized through several **charity campaigns** (e.g. *Missão Sorriso)* or **social events** (e.g. *Mega Pic-Nic* Continente 2011)
[32] On the other hand, **42% of the respondents still privilege the Continente stores** (Refer to Appendix 16 in Booklet 2).
[33] Source: APED Report - *Imagem Perceptiva da Grande Distribuição,* 2010
[34] Source: APED Report - *Imagem Perceptiva da Grande Distribuição,* 2010

and the high concentration of clients in the same stores, customers tend to view their purchase activity as a routine obligation instead of an enjoyable experience[35].

Then, the market research showed that **low prices were not associated** with the brand's image[36]. Regarding this attribute, this situation confirmed that the brand's positioning in the market is not matched by its perception among the customers.

Finally, I could also verify that the different **online services**[37] provided by Continente perform poorly. In fact, online shopping is a clear trend in this business (Nielsen 2011) but there are still a low number of consumers using this service. Also, this situation includes the smartphones and tablets apps[38] area (see **Chart 2** & **Chart 3**).

Chart 2: Online survey results

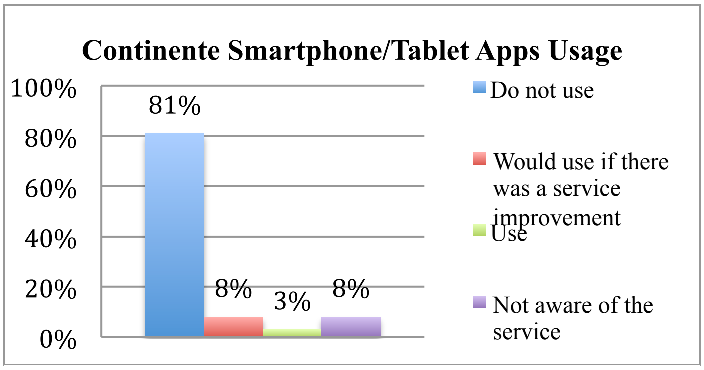


Chart 3: Online survey results

In other words, I realize that this sector is still in its **embryonic stage** and a planned **investment** supported by a strategic campaign could be applied to explore new opportunities.

III. STRATEGY

1. Strategy Definition

In the last step, the main relevant insights were highlighted in order to understand how customers perceived the Continente brand. Hence, the market research confirmed that the

[35] Factors such as the increase in the **waiting time** at the register have been negatively affecting the customers' perception about the food shopping experience.

[36] "**Low prices**" was the attribute mentioned that verified a **lower association with the brand's image** (i.e. just 11% of the respondents). Refer to Appendix 3 for the brand associations.

[37] Refer to Appendix 17 in Booklet 2 for the current Continente's online services portfolio.

[38] "**App"** stands for interactive application for electronic devices.

online services provided by Continente have been showing a **low penetration impact** with the customers. Only 21% of the survey respondents have used the Continente online services (see **Chart 2**), which reveal the service's low impact on clients. Regarding the brand's smartphone/tablet apps, 81% do not use these services and 8% are not aware of their existence (see **Chart 3**). Although the existing Continente applications[39] in the market have been offering specialized experiences to the consumers, there is a **need for an efficient shopping solution** that could reach a wider customer segment: the **technology users**[40]. In fact, the needs of this segment aren't met and strategic adjustments should be implemented.

This opportunity allows the possibility to explore an **attractive trend** and invest in a communication strategy for the company's future[41]. These types of services offer the customer a fulltime possibility of being connected to the brands' products and services without actually going to the store. By using the online services, customers can have a more efficient and **convenient shopping experience** and explore the **e-commerce's** benefits such as home delivery. Besides the convenience factor, the **digital era** represents the present and the future of this business where diverse technological devices[42] allow the customers to easily satisfy their daily needs. As a **differentiation factor** from the competition, this sector requires a continuous investment from the brand and could be considered a **long-term strategy**.

---

[39] E.g. *Universo do Bébe app* or *Chef Online app* (Refer to Appendix 17 in Booklet 2 for more information about the brand's online services)

[40] **Technology users**- customer segment targeted by the communication strategy. It will be deeply explained in the next chapter – *The Target*.

[41] Refer to Appendix 18 in Booklet 2 for analyse the online services trades vs. gaps.

[42] E.g.: computers, smartphones, tablets, QR codes, etc.

2. The Target

As it was identified in the general characteristics[43] of the current consumer, the emergence of a new customer segment that requires the use of diverse technological devices as a need or as experience – **technology users -** is evident. This target group is made up of upper-middle class customers, between the ages of 18 and 54[44]. This type of consumers – men and women- is broader since it includes not only smartphone users, but all Internet users[45]. There are **key common consumer characteristics** present within this segment: daily access and use of technological devices (i.e. laptop, smartphone or tablet); cutting-edge technology users; constantly interested in new ways to simplify their lives; people with busy schedules due to personal or professional reasons; who want constant connection to the services (non physical or time constraints) and personal assistance; who seek for efficient ways to shop and require the most accurate solutions – *smart shopping*.

3. Strategy Objectives

The main aim of this strategy is to create a **convenient and efficient shopping network** by providing **qualified online solutions**. The core message is based on the ability of the *Continente* services to effectively support customers' needs and desires without any limitations since both sides will be always connected. Due to the possibility of shopping everywhere, customers will have the power to adjust the shopping impact on their daily lives based on their schedules or constraints. By increasing the **brand's presence in all touchpoints**[46], the communication strategy and its solutions will seek to **improve the online services results**, attract and create **loyal bonds** with the targeted customers and **differentiate** from the competitors.

---

[43] Refer to Appendix 1 for the new consumer profile.
[44] This targeted profile is based in the demographic profile defined for the **smartphone and Facebook users** (Refer to Appendix 20 and 21 in Booklet 2).
[45] Refer to Appendix 4 for the Facebook and online users in Portugal (Source: Social Bakers).
[46] **Touchpoint** – interface between the brand and all its stakeholders through diverse ways (i.e. online platforms, receipts, contacts by phone, etc.)

IV. IMPLEMENTATION

The implementation proposals will cover **three different types of online services**. The solutions proposed are sustained by qualitative market research[47]. Hence, the brand will have the tools required to justify the core message within the communication strategy defined: **"Now you decide where to shop. Continente is in every corner"** [48] (hypothetical general campaign slogan).

1. Campaign Communication Vehicles

The three proposed solutions should be presented under a **unique general communication message** as the suggested by slogan above**.** Then, specialized campaigns should be created to introduce and explain the different innovative services provided to the targeted customers. For that, the communication should include **advertising**[49] through TV commercials and billboards placed inside and outside the stores; also it should be used a **digital marketing** campaign through the brand's website and the brand's planned Facebook page. A **viral marketing video** would be a strategic tool to increase the campaign's awareness and lead to its desired success.

2. Proposals

2.1. Smartphone and Tablet Users

2.1.1. Unexplored Gap

The **smartphone and tablet era** revolutionized our daily habits (Gartner 2010)[50] and counts with 88% users among the Portuguese population[51]. Nowadays, the easy access to

---

[47] **In-depth interviews** were conducted to respondents with the targeted segment profile. The aim of these questionnaires was to gather valuable insights about the proposals suggested. (Refer to Appendix 22 in Booklet 2 for the questionnaire overview).
[48] Hypothetical **slogan in portuguese**: "*Agora você decide onde comprar*. Continente *está sempre consigo*".
[49] Refer to Appendix 7 for hypothetical promotional campaigns.
[50] Source: Google Report - Gartner, 2010; Google Mobile Optimization Webinar, 2011

information or the possibility of downloading attractive applications into these portable devices turned the new technological customer into an efficiency - demanding person. Therefore, there was an automatic need for companies to quickly **adapt to this new trend**, more precisely within the food retail business[52]. Actually, Continente had a smooth adjustment to this new trend by creating a few apps related to specific experiences such as cooking or baby care, although 70% of the interviewed persons[53] have never downloaded them. The **low acceptance and interest** could be justified by the non-existence of an effective and shop related program that could allow them to satisfy one of their basic needs: **efficient and *smart shopping* without physical constraints.** The **table**[54] bellow presents some **features** required for the app developed:

Which feature would you like to see in the online app for Continente?	**(N=13)**
Logistical information (price, inventory status, localization of products in-store)	**39%**
E-commerce – shopping through the app device	**23%**
Mobile barcode scanning (QR codes and RFID)	**15%**
Budgeting control	**15%**
Coupons and discounts	**8%**

2.1.2. Solution Description: *"Continente Smart Shopping"* App for Mobiles and Tablets

The creation of a technological application for smartphones and tablets called "***Continente Smart Shopping***" will fulfil the identified gap within the technology users segment. By easily downloading the brand's app, customers will have quick and unlimited access to several useful functionalities that will allow them to be connected to Continente services without constraints. As the name indicates, this program will allow

---

[51] The study also registered **28% of penetration among national tablet users**. Source: "*Estudo aos Hábitos e Riscos dos Utilizadores de Dispositivos Móveis e Tablets em Portugal*", 2012, Kaspersky Lab. (Link: www.kaspersky.com/pt/news?id=207576092)

[52] Refer to Appendix 25 in Booklet 2 for the study about the need of e-commerce in retail business (Link: http://www.mobilecommercedaily.com/2010/07/30/shoppers-want-mobile-tools-to-improve-food-retail-study)

[53] Refer to Appendix 23 and Appendix 24 in Booklet 2 for the interviews results analysis.

[54] Source: qualitative interviews. The sample contains just 13 respondents of the overall 21 due to the number of people that answered positively regarding the possession of a smartphone or a tablet device within the group. It made sense to exclude the respondents that were not experienced with this kind of technologic devices.

the customers to select his/her products as he/she regularly does in-store. The app will have an **in-store products' complete database** that will gather the required information for the customer's final decision: price, sale's relevance, production details, calories, among others. The *smart shopping* feature will offer an **analysis and comparison** between the products' specifications automatically adjusted to the client's **pre-selected virtual budget**. Therefore, the customer will be able to create a **personal account** (or use a pre-existing web account), which will also be saved within the app memory. This account will customize customers' favourite and routine shopping orders (i.e. types of products, brands' preferences, etc.) in order to remind or help them by giving suggestions based on previous pattern choices. Adding to the usual purchase method, the app will offer a **bar code scanning and QR readers** feature[55] which would allow customers to select the desired product by reading the respective bar code or QR coupon. The coupons could be also used to offer **discounts**. This innovative option could be applied at home (i.e. scan a finished shampoo), at a public place[56] (see **Figure 1**) or even in-store. In the end, the final purchase will be added to the "shopping list". After the basket selection, the client will have the possibility to choose between the **"ready to go" option** (the shop basket will be ready at the selected store) or the **"home delivery"** one (Continente services will deliver it at home or at the pre-defined place). In the end, there will be two **payment options**: first, the usual in-store payment if the client decides to pick the final basket in the facilities; or the online payment, which will require the use of some online payment

Figure 1: Bar scanning in a public metro station (Source: Tesco)

[55] Refer to Appendix 26 in Booklet 2 for bar codes, QR codes and RFID understanding.
[56] Refer to Appendix 27 in Booklet 2 for the Tesco's example: bar scanning and QR codes service inside the metro station in South Korea.

platforms, such as Google Wallet or PayPal. This system will provide a simple shopping experience to the targeted customers, presenting the necessary tools for **detailed pre-purchase research**.

Besides the core functionalities, the app could also be explored in order to **communicate and establish a loyal relationship** between the brand and the customer. Extra features such as **store location**, **information on special offers**, linkage to the **Continente card member**, among others, would fit perfectly within the targeted customer's needs for **efficient support** and access to **credible information**.

The **costs associated** will be divided into two stages. At a first stage, this solution will require the initial main investment attached to a regular mobile app creation: design[57] and development costs[58]. These costs vary according to the scale of the project and should be adapted to an established budget by the brand. Afterwards, the maintenance cost will be lower and periodic. In view of previous experience, the assumption that Continente has the expertise and financial tools for this type of investment makes the project feasible.

Customers could download the app for free as it happens with the other Continente mobile applications. The free app will generate revenues from the future purchases made with it – *In-App Business Model*[59].

2.2. Continente Online Website

2.2.1. Identified Problem

For Continente, its **website** represents more than an informative and advertisement tool. It is a platform where the brand provides several services[60] to 84,5% of the current

---

[57] **Design costs**: $350- $3500 (Link: http://appsmarketing.mobi/mobile-app-development-cost/).

[58] **Development costs**: $5000 - $175 000 (Link: http://appsmarketing.mobi/mobile-app-development-cost/)

[59] Refer to Appendix 30 in Booklet 2 for further explore the *in.app business model* (Link: www.mediabuzz.com.sg/asian-emarketing/february-2012/1491-in-app-business-model-is-new-standard-for-mobile-app-revenues).

national population[61]. However, the services provided by the Continente Online website have a **low ratio of usage** by customers. This situation demands new attractive solutions to **increase the website's traffic** and **reach a higher number of customers**.

2.2.2. Solution Description: "Become our Premium Client"

The interviews results registered that besides the common reasons[62] to not shop online, 17% of the respondents registered that there was **no additional incentives or rewards** to use this shopping channel. Therefore, the platform should propose the "Become our Premium Client" initiative in order to **attract and retain faithful customers**. Hence, this new proposal will consist in attributing **four levels of *loyalty statuses*** to the online customers in order to classify them according to their **online purchasing performance[63]**. This classification will be automatically attached to the individual profile registration required for online shopping. Then, for each euro purchased online ***10 Continente points*** will be attributed (i.e. figurative number). In the end, the total amount will be saved by the online database. The four levels[64] will represent the client's loyalty to the brand: **1- "Random Client"; 2- "Regular Client"; 3- "Praised Client"; 4-"Premium Client"**. Therefore, the most loyal customers will ascend in their status, which will guarantee a higher amount of **benefits** and **special rewards**. For instance, if the customer achieves the higher status he/she will benefit from **personalized rewards** such as special promotions, free gifts, shopping vouchers for other stores (e.g. Worten or SportZone),

---

[60] I.e. online shopping and card members' advantages, among others (Link: www.continente.pt).
[61] Refer to Appendix 4 for the online penetration in the national population (Source: Social Bakers).
[62] For instance, 33% of the interviews' answers claimed **the lack of quality in the products delivered** (more precisely the fresh products) as a reason to not use the online shopping and 21% indicated **the need to physically check the products** as an excuse (Refer to Appendix 5 to analyse the main reasons to online shopping).
[63] The online shopping performance will be **evaluated year by year**, which means that customers will need to keep a **identical purchasing performance** in the following years to **maintain the *loyalty status*** achieved. Therefore, the *Continente points* earned and their respective benefits will have a year life span.
[64] For **instance**, an online customer associated with the lower status of "Random Client" will have earned during a year between zero and 2000 *Continente points* (200€ - figurative number) through the online website. In other level, a "Regular Client" will need between 2000 – 5000 *Continente points* a year to sustain his/her status.

etc. This campaign will give **incentives** for regular usage of the online website which would result in a **closer brand-customer connection**. Besides increasing awareness for the site, the core purpose of this proposal is to create a strong **customer loyalty towards the brand**. Since achieving an upper status is a clear motivation within customers' minds, they will have a unique incentive to regularly use Continente Online services.

This proposal will be followed by **two types of cost sources**. Firstly, the required website adjustments for the campaign control will be prepared by the regular website maintenance department with few additional costs. Then, the other source of costs will be related to the promotional rewards and benefits offered to the customers. In these situations, Continente and its partners will have to endure these extra costs.

2.3. Social Network Platform

2.3.1. Unexplored Gap

S**ocial networking** is seen has a worldwide social phenomenon and the Facebook case is considered as the most relevant one. The potential benefits attached to this online platform have attracted companies to use it as a communication vehicle. With over 800 Million members around the world[65], and more than 4 Million in Portugal[66] the range of visibility that an **interactive business page** in Facebook could reach became clear. This communication vehicle gives the brand the opportunity to reach 40% of its potential customers[67]. In the interviews conducted, 81% of the respondents had a Facebook account and the majority checked this network at least once a day[68]. Currently, the brand

[65] Source: Facebook
[66] Link: : http://www.socialbakers.com/facebook-statistics/portugal
[67] Corresponds to the **penetration of online population in Portugal** (See Appendix 4 for Facebook and online users).
[68] **17 persons out of 21** respondents admitted to have a Facebook account (Source: qualitative research).

has no active official Facebook page[69]. Hence, the company is **under-performing** in this sector and this gap could be seen has a **valuable opportunity** to establish a closer interaction with the members, promote the brand's image, attract potential customers and differentiate from its competitors.

2.3.2. Solution Description: Continente Facebook Page[70]

After defining the concrete gap, the suitable solution for the problem is logical: **develop an attractive and interactive Facebook page for Continente**. At first glance the solution seems simple, but the future benefits that a new and attention-grabbing business page within this online community could create are worthwhile.

The business page layout should be **clear and attractive**. At a base stage, the page should contain **an appealing design** with **basic information** about the brand and its core business[71]. It is crucial that customers perceive the page as the **official** one in order to establish a trust while bonding. After the initial introduction, the brand's page should be **daily updated** with interesting interactive posts[72]. Therefore, a constant **page-members interaction** is the key tool to achieve the desired relevance within a platform such as Facebook. For that, I would suggest the constant update about **news, events and attractive promotions**. Hence, a **friendly communication** should be required to target this type of customers. Besides the core function as a medium of communication, the Continente page should promote **interactive online games and contests** to captivate the

[69] The brand has a **page on Facebook related to the *Online Chef*** initiative (Link: - http://www.facebook.com/chefonline) but not a general official one as it occurs with the business main players in Europe. (Refer to Appendix 17 in Booklet 2 for the brand's online service portfolio).

[70] A potential campaign **slogan** to attract new visitors to the Facebook page: **"*Portugal LIKEs us. What about you?*"**;

[71] Such as the **company's overview**, its **mission** and **description about the new community rules** (i.e. warn the users to visit the page under a specific behaviour to avoid unnecessary content and undesired comments). The brand will have the **right to block users** or **remove content** posted in the page to **guarantee the desired environment.**

[72] The **posts** could have diverse purposes such as promotions update in specific products or news about recent campaigns or future events, among others.

members' attention. These games would allow participants to learn about the brand and its services with the goal of getting discounts and free offers as a **reward**. Therefore, I could recommend two types of games to be applied to this case, which would be associated with different types of rewards. First, the **"did you know?" game**: a simple **multiple question challenge** about the brand's trivia and products' curiosities that would allow the winning customers to get access to several attractive gifts and rewards[73]. The other type of game would be called the **"price drop" contest**: consumers will pick five categories from a selected list of options provided and vote for the products whose prices they wished to see reduced. Then, the most voted products would have a slight reduction for a short period of time. The game reward will **satisfy the majority of the customers** and **incentive** them to participate in future occasions. In other words, this online solution will **reach a considerable number of customers** and an effective communication strategy could create a **profitable and loyal relationship** between the two sides.

This type of initiative is also a **differentiation factor** compared to its direct competitors (e.g. Pingo Doce or Intermarché Portugal*)* since they do not actively participate within this social network.

The **main expenditures** attached to this solution will rely on the web design team responsible for its creation. Then, a specific department[74] should be responsible for developing and maintaining this online page. Some additional costs could be required for rewards and free gifts that should be endured by the company and its partners.

[73] For **instance**, free national products' basket, access to a wine-tasting event or discounts for the company's partners' services.

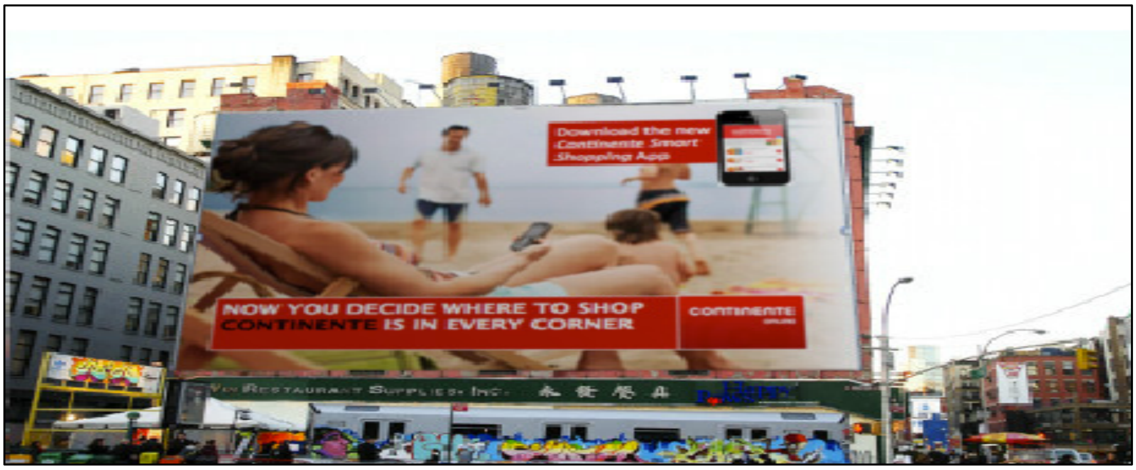
[74] Actually, **one or two qualified collaborators** are necessary to maintain this page constantly active.

3. Additional Recommendations

The proposals presented here rely on the brand's communication strategy for a future period. Due to their technological base, there is a need for a **continuous maintenance** in order to keep the platforms updated and accurate and so match the trends underneath the targeted segment of customers' potential needs. Therefore, a constant improvement and investment would be required for Continente regarding these innovative solutions.

Besides those, there are additional recommendations that can improve the brand's performance. First, I would suggest a **careful analysis and benchmarking** regarding the Continente's direct competitors in Portugal and also the most successful food retailers worldwide (e.g. Tesco or Carrefour) in order to understand which trends, opportunities and gaps could be explored[75]. Then, after the online experience I would also suggest an interesting **extension of the "Become our Premium Client" solution** to a second stage - the Continente Card. This alternative will provide the same proposed advantages by easily targeting a wider range of customers[76]. My last recommendation concerns an investment in a **viral marketing** strategy. For that, the creation of the brand channel on Youtube to promote its communication campaigns and events would be a plausible idea.

Figure 2: Hypothetical *Smart Shopping* App campaign placed in an outside billboard



[75] For instance, **Tesco** already provides its customers with a sophisticated shopping app and an interactive Facebook web page.

[76] Continente Card has around 3 Million members (Source: Continente Press Release)

V. CONCLUSION

This project proposes an innovative communication strategy for Continente with the aim of developing and increasing the quality of the online services it offers to its customers.

Firstly, for achieving the final proposals a situation analysis was conducted in order to define relevant insights concerning the brand's current situation. More precisely, this analysis was divided into three relevant contexts: brand, market and consumer. By overviewing the brand's background, we could understand their leadership in the food retail business. Nevertheless, Continente's privileged position has been threatened by the current market conditions: fierce competition, maturity and a sales stagnation period. From the analysis of the customer base, a new consumer profile with particular characteristics was identified. It was observed that the need for convenient shopping and the "cocooning" trend match the solutions that could be provided by the new technologic services. In fact, there is a specific customer segment – technology users – that values the benefits delivered by these innovative devices, which is already revolutionizing the shopping habits within this business.

However, according to the market research results there is an unexplored gap that should be highlighted: the online services currently provided are registering a low penetration and impact among the customers. This underperformance led us to an attractive world of opportunities that require a suitable communication strategy. For that, a modern campaign was defined in order to respond to the needs of the targeted segment through a single message: "Now you decide where to shop. Continente is in every corner". So, three different online solutions were proposed to justify the campaign's goal. More precisely, the *Continente Smart Shopping* app would provide the required efficient shopping to these busy customers; the "Become our Premium Client" solution will increase the website traffic and establish a loyal bond between both parts; and finally, the interactive

Facebook page will be able to reach a wider range of potential customers and daily interact with them. In order to increase the brand's presence in all touchpoints, the proposed solutions would develop a completely operating online network[77] that will allow Continente to support and adapt to its customers' demands without any limitations. Since this technological area is still in an embryonic stage in Portugal, I believe that these proposals represent a competitive advantage for the brand to distinguish itself from its competitors and confirm its position as a market leader. In the end, this communication campaign introduces a long-term strategy adjusted to a recognized trend that will revolutionize the retail industry in the next years.

VI. REFERENCES

- **APED**. 2009. *A Evolução da Concentração da Indústria e da Distribuição em Portugal.*
- **App Costs**. 2012. http://www.apps-builder.com/news/pt/2012/02/quanto-custa-desenvolver-uma-aplicacao-movel/
- **Business Insider.** 2012. http://articles.businessinsider.com/2011-02-21/strategy/29993983_1_qr-codes-bar-codes-business-card
- **Contagious Insider**. 2011. Google Homegrown, Advanced Global Mobile Trends, Google Report.
- **Diário Económico.** 2012. http://economico.sapo.pt/noticias/continente-reforca-lideranca-de-mercado-face-ao-pingo-doce_125168.html
- **Ferreira, Manuel P., Reis, Nuno R. & Santos, João C.**, 2011, *Mudança no sector alimentar: O Pingo Doce*; Case study number. 8, globADVANTAGE – Center of Research in International Business & Strategy.
- **Google Report**. 2010. Google/Forbes Insights, ThinkB2B – B2B Trends in Mobile & Online Video, U.S.
- **Google Report**. 2011. Google/Compete, Think Tech – Understanding Today's Mobile Device Shopper.
- **How To Go Mo**. 2012. http://www.howtogomo.com/en-gb/d/

[77] It will be included the smartphones/tablets applications, the online website and the social networks.

- **Kaspersky Lab**. 2012. "*Estudos aos Hábitos e Riscos dos Utilizadores de Dispostitivos Móveis e Tablets em Portugal*".
- **Kapferer, J.N.**, 2008, The New Strategic Brand Management, 4th Edition.
- **Malhotra N.& Birks D.**, 2007, *Marketing Research – An Applied Approach*, 3rd Edition.
- **Sonae MC Report.** 2011. *Sonae MC* – How to increase Market share? *Reflexão estratégica*, 2011.
- **Valente R & Varatojo S.**, *2010, Gfk Group - Imagem Perceptiva da Grande Distribuição,* APED.
- **Web Site Costs**. 2012. http://www.webpagefx.com/How-much-should-web-site-cost.html

VII. APPENDICES

Appendix 1 – The new customer profile[78]

Prudent	Less consumption and less overspending by the customers; they became more pragmatic and simple.
Critic	New mentality of criticism of the previous mass consumption tendency.
Unique	Due to variety of products offered the consumer is looking for something "special" to distinguish him from the others.
Demanding	The consumer searches more until his needs are matched; the perfect combination between quality and price usually became the main goal – *smart shopping*
Convenient	The customer is looking for simplicity and efficiency in its purchase
"Home Lover"	The safety presented by our homes is more valuable than ever: this trend is intimately connected to the growth of new technology users.
Technology Users	This trend is associated with the convenience trend; the consumers use the Internet at home and smartphones as a simple and efficient way of deciding their purchases. Also, with the Internet communication has improved considerably and it

[78] Source: Sonae MC – How to increase Market share? *Reflexão estratégica*, 2011 (Report) and Nielsen 2011.

	became the best way of being aware of the new promotions and discounts.
Healthy	The customer is more than ever concerned about his physical healthy. Light and healthy categories within the product's offered become a focus in his mind-set. Also, customers are interested in understanding new ways of having a "healthy life".

Appendix 2 - Online survey: summary of the demographic characteristics[79]

Total number of respondents	146
Total number of questions	24
Age distribution	Between 20 – 29 years (40%)
Gender	Female (61%)
Monthly income	> 3000€ (34%)
Education level	Bachelor's degree (90%)
Occupation status	Employed (70%)
Family members	4 (50%)

Appendix 3 - Online survey analysis for the brand associations for the main players[80]

	Continente (N=146)		Pingo Doce (N=146)	
High Brand Associations	**Variety**	**38%**	**Convenience**	**44%**
	Quality	**22%**	**Quality**	**27%**
Low Brand Associations	**Low Prices**	**11%**	**Variety**	**5%**
			Promotions	**3%**

Appendix 4 – Facebook and online national users

Portugal General info

Total Facebook Users:	4 367 580
Position in the list:	37.
Penetration of population:	40.68%
Penetration of online population	84.50%
Average CPC:	$0.22
Average CPM:	$0.06

Figure 2: Facebook users and online population in Portugal (Link: http://www.socialbakers.com/facebook-statistics/portugal)

[79] Table: summary of the demographic characteristics represented on the online survey.
[80] Refer to Appendix 15 in Booklet 2 for the brand associations with Intermarché, Lidl and Minipreço.

Appendix 5 – Interviews analysis for the Continente online shopping service

Main reasons to shop online (N=7)[81]	Lack of time for regular shopping	50%
	Pleasant experience (i.e. comfort, etc.)	29%
	Quality of the service	14%
	Website simplicity	7%
Main reasons for not shopping online (N=21)	Lack of quality of the products delivered	33%
	Need to physically check the products	21%
	No reliability on the payment method	19%
	No rewards and benefits	17%
	Website design and complexity	10%

Appendix 6 – Communication used by the two main players in the market

	Advertising	Sales Promotion	Digital Marketing	Event Marketing
Continente	Outdoors, Radio; TV; Magazine; Interactive Digital; Newsletter	**Continente card;** Discount coupons; Promotional campaigns	Website; **Mobile applications**	Social events; Activities;
Pingo Doce	Outdoors; Radio; TV; Interactive Digital; Newsletter	Promotional campaigns	Website	

Appendix 7- Hypothetical promotional campaigns

Figure 3: "Become our Premium Client" campaign

Figure 4: Facebook page campaign

[81] 7 respondents (from the total 21) have admitted to use the Continente online shopping services. Therefore, it made sense to just register the positive reasons from the experienced users in this kind of service.

A Work Project presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA - School of Business and Economics

Booklet 2:

A Communication Strategy for Continente: Proposals to Improve the Online Services

Daniel Passos de Sousa, #801

A Project carried out on the Field Lab – Fuel Communication Agency – with the supervision of:

Professor Luísa Agante

June 2012

INDEX

Appendix 1 – Acknowledgments

After this entire journey I would like to express my gratitude to everyone who somehow helped and supported me in order to develop this project until the end.

Firstly, I offer my sincere gratitude to my supervisor, Prof. Luísa Agante, who has supported me during this entire path with her experience, guidance and knowledge. In fact, all her dedication and commitment became a crucial key to overstep all the obstacles and achieve the final outcome.

I would like also to express my gratitude to Miguel Barros, João Ribeiro and Manuel Cardoso, from the communication agency Fuel, for their feedback and advices that helped to clarify my ideas and define a concrete strategy to this project.

My gratitude is obviously extended to Celso Magalhães, store manager of Continente Modelo – Paços Ferreira, which availability, expertise and insights were essential to deeply understand the brand and its stakeholders.

To my mother, my father and my sister, thank you for the undeniable support, availability and patience throughout this journey, as it always happen in my life. To all my family, and especially to my uncle Pedro, thank you for the encouragement and for the initial push that allowed me to face this new challenging experience.

To all my friends, my sincere thank you for the support, encouragement and all the relaxing moments that allowed me to achieve a vital balance during this period of my life.

I would like also to express my gratitude to all my work project colleagues that I had the pleasure to share this experience.

Finally, I could not forget to mention all the respondents that participated in my market research, which collaboration was essential to consolidate my final project.

Appendix 2- Sonae's businesses[82]

Core Businesses	Core Partnerships	Related Business	Active Investment
Sonae MC	Sonae Sierra	Sonae RP	Investment Management
Sonae SR	Sonae.Com		

Appendix 3 -Sonae's food retail: *Sonae MC*

Sonae MC is responsible for the company's **food retail area** and offers a varied range of products in different formats:

a. **Continente** (hypermarkets)	b. **Continente Modelo** (supermarkets)	c. **Continente Bom Dia** (convenience stores)
d. **Bom Bocado** (restaurants)	e. **Book.it** (book shop)	f. **Continente Horeca** (business area for institutions, free service stores, etc.)
g. **Continente Ice** (frozen products)	h. **Well's** (para-pharmacies)	i. **Pets & Plants**

Appendix 4 -Non-food retail: Sonae SR

This **sub-holding** represents a **variety of brands** in diverse market segments. These brands offer quality products and services and they have achieved a successful recognition among Portuguese consumers. The diverse market segments are covered by these brands: *Loop* (footwear), SportZone (sports cloths and equipment), Modalfa (clothing), Worten (goods and consumer electronics, Vobis (computer equipment), Worten Mobile (mobile telecommunications) and Zippy (clothing for babies and children).

[82] Link: www.sonae.pt. The Appendix 2 and Appendix 3 refer to same link.

Appendix 5 – Continente SWOT analysis

SWOT

Strenghts

- Market Leardership
- Brand Recognition and Reliability
- Valuable Partnerships
- Social Responsability Association

Weaknesses

- Size of Stores
- Shopping Experience
- Underperformance in Specific Sectors

Opportunities

- New Customer Trends
- New Partnerships
- Continente Card
- Online services
- National products and private labels

Threats

- Poor Market Conditions
- Customers' Low Purchasing Power
- Fierced Competition - Pingo Doce
- Customers Disloyalty

Appendix 6– The main players: general overview[83]

Opening in Portugal: 1985
Portfolio: 176 stores with 576,000 m2 in total area of sales
Total sales volume: 3 555 Million Euros

Opening in Portugal: 1980
Portfolio: 362 stores with 421,000 m2 in total area of sales
Total sales volume: 3 453 Million Euros

Opening in Portugal: 1991
Portfolio: 231 stores
Total sales volumes: 1 500 Million Euros (Expresso, 2011)

Opening in Portugal: 1995
Portfolio: 227 stores with 229,000 m2 in total area of sales
Total sales volume: 1 199 Million Euros

Opening in Portugal: 1979
Portfolio: 524 stores with 200,000 m2 in total area of sales
Total sales volume: 903 Million Euros

[83] Source: APED Ranking 2010; Companies' websites.

Appendix 7 - Modern retail overview[84]

Appendix 8 – Social-economical factors in the Portuguese consumers' context[85]

High unemployment rates	Population with lower purchase power	Uncertainty related to the consumer's income	Higher diversification among client's segments	Complex decision-making processes
Unemployment rates more than 10% of the population – trend to increase in a short run	Due to difficult times, the population purchase power will diminish	Employments' contracts have less duration – jobs became an uncertain asset	Due to the world's fast changes, the differences between generations is increasing – higher gap	Increase in variety of P&S provided and the constant access to information left consumer's with more possibilities of choices – harder decisions
This situation is	Credit will	Part-time jobs	Younger	Although

[84] Source: Pingo Doce Case
[85] Source: Sonae MC – How to increase market share? *Reflexão Estratégica* (2011)

leading to a decrease in the population's purchase power	become harder to be released by the banks	and temporarily jobs will increase	generation lives undefined moment – times are tough for long term plans	innovations (internet, smartphones, etc.) allowed consumers to easily access information also turn them into more demanding and complex to predict by the companies

Appendix 9 - Social-demographic context[86]

The 21st century factors in a social and demographic context are changing and defining some patterns that already characterize our society. Bellow, it is presented a **brief analysis of these patterns**:

a. **Migration and population diversity**: nowadays population growth in the developed countries registers values close to zero and, in other hand, the developing countries' population rates are still increasing. Adding, the financial and economic crisis that developed countries are living is leading to a slight increase in the migration to countries with growing economies. For instance, qualified Portuguese students and workers are more willing to leave the country and search for valuable opportunities in different regions in globe such as Brazil, Angola, etc. Also the diversity of people within the country has been growing due to the constant migration from less developed countries.

b. **Population Aging**: due to a higher average life expectancy in a global context, developed countries are facing with an older population. The trends are to a triple

[86] Source: Sonae MC – How to increase market share? *Reflexão Estratégica* (2011)

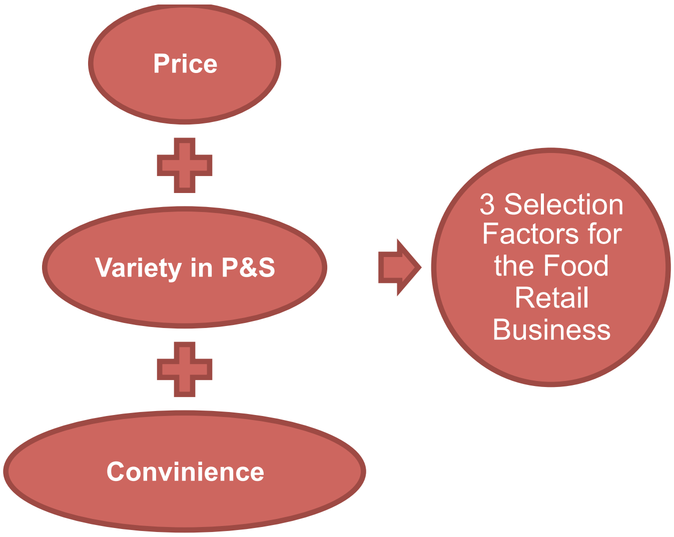
increase in the number of people with more than 60 years within the next fifty years.

c. **Female Economy**: currently, the feminine employees are completely inserted within the diverse work markets. Although, they still feel under-valuated and without the same career expectations as men. Other characteristic common within the new female work pattern is the conflict between their important roles in work and home.

d. **Technologic Era**: as the development in the technologic market has been growing, the information became a more valuable variable within the diverse businesses and lives. Nowadays, consumers search more deeply for their purchases and their decision-making process became more demanding and unpredictable. Hence, the retailers have the need of a more precise and accurate presentation and communication of their products and services through diverse types of communication channels.

e. **New consumer's segmentation**: the trends showed that the "middle-class" is tending to disappear, which leads to a main split between the upper and lower class. The retailers should study this situation that it will change their market segmentation and respective targeting.

Appendix 10 - The consumer's basis decision criteria[87]



Appendix 11 - Common retailer's roles[88]

a. **Diversification and variety of the products**: retailer has the opportunity to buy from different producers and offers a wide range of products to the consumers.
b. **Marketing activities**: adopt their own promotions and personal sales directly to the consumers
c. **Financing**: a retailer usually offers different ways of purchase and payment to the customer (promotions, ticket sales, credit, etc.)
d. **Additional services**: delivery, installation, personal support, etc.

Appendix 12 – Online survey

- **24 questions; N=146 responses;**

Questionnaire Title: ***Questionário sobre o Sector de Retalho Alimentar***

1. Type of Shopping & Frequency:

---

87 Case Study - *Mudança no sector alimentar: O Pingo Doce. Case* (2011)
88 Case Study - *Mudança no sector alimentar: O Pingo Doce. Case* (2011)

1.1 How often do you go to the following supermarkets?

(Scale: Never; Weekly; Often; Monthly)

- **Continente (hypermarket)**
- **Continente Bom Dia**
- **Continente Modelo**
- **Pingo Doce**
- **Intermarché**
- **Lidl**
- **Minipreço**
- **Jumbo**
- **Others**

1.2 How much do you spend in average on shopping? (Euros)

(Scale: Zero; 0-20; 20-50; 50-100; More than 100)

- **Continente (hypermarket)**
- **Continente Bom Dia**
- **Continente Modelo**
- **Pingo Doce**
- **Intermarché**
- **Lidl**
- **Minipreço**
- **Jumbo**
- **Others**

<u>2. Attributes & Characteristics:</u>

2.1. Which is your favourite supermarket?

- **Continente (hypermarket)**
- **Continente Bom Dia**
- **Continente Modelo**
- **Pingo Doce**
- **Intermarché**

- **Minipreço**
- **Jumbo**
- **Others**

2.2. How much do you value these characteristics about your supermarket?
(Scale: No value; Low value; Indifferent; Value; High value)

- **Price**
- **Convenience**
- **Quality of products**
- **Routine (connection to the brand)**
- **Promotions**
- **Quality of services**
- **Brand image**
- **Variety of P&S**

2.3 Which attribute do you associate with each brand? Select one for each brand.

- **Low prices**
- **Quality of P&S**
- **Convenience**
- **Variety**
- **Promotions**

2.4. Which relevance do you give to this kind of services?
(Scale: Do not use; Would use if there was a service improvement; Use rarely; Use regularly; Not aware of the service)

- **Online shopping**
- **Discount card**
- **Home delivery**
- **Take-away**
- **Smartphone/tablet application**

2.5. Classify the relevance of these products on your purchasing habits?
(Scale: Not relevant; Low relevance; Indifferent; Relevant; High relevance)

- **Products with promotions**
- **National products**
- **Private label products**
- **Gourmet products (high quality)**
- **Fresh products (fruits, vegetables, etc.)**

<u>3. Continente:</u>

3.1 How do you get information about Continente?

- **TV**
- **Radio**
- **Friends' opinion**
- **Flyers**
- **Continente stores**
- **Other**

3.2 Does publicity influence your final choices?

- **No**
- **A little**
- **Sometimes**
- **A lot**

3.3. What is your opinion about these characteristics for the brand Continente? (Scale: Totally disagree; Disagree; Agree; Totally agree)

- **The stores are practical**
- **Good price – quality relationship on products**
- **The stores are convenient (physical proximity)**
- **The brand offers attractive promotions**
- **Useful services**
- **The purchasing experience is positive**
- **High variety of products and services**

3.4 Are you aware of the Continente card?

- **Yes**
- **No**

3.4.1 If Yes, are you aware of its advantages?

3.5. Have you ever used the Continente online shopping service?

- **Yes**
- **No**

3.5.1. If Yes, how was the experience?
(Scale: 0 – Very poor until 5- Very good)

3.6. How do you rate the Continente private label products?
(Scale: 0 - Very poor until 5 – Very good)

3.6.1 In a general point of view, compare the Continente private label products with its competitors private labels (e.g. Pingo Doce or Intermarché).
(Scale: 1- Worse until 3- Better)

<u>4. Demographic Characteristics:</u>

4.1. Age

- **20-29**
- **30-39**
- **40-49**
- **50-59**
- **60 and older**

4.2. Gender

- **Male**
- **Female**

4.3. Monthly income per household

- **Less than 500 euros**
- **Between 500-999 euros**
- **Between 1000-1499 euros**
- **Between 1500-1999 euros**
- **Between 2000-2499 euros**
- **Between 2500-3000 euros**
- **Higher than 3000 euros**

4.4. Residence Area

- **Aveiro**
- **Beja**
- **Braga**
- **Castelo Branco**
- **Coimbra**
- **Évora**
- **Faro**
- **Guarda**
- **Leiria**
- **Lisboa**
- **Portalegre**
- **Porto**
- **Região Autónoma dos Açores**
- **Região Autónoma da Madeira**
- **Santarém**
- **Setúbal**
- **Viana do Castelo**
- **Vila Real**
- **Viseu**

4.5. Education Level

- **Never attended school**
- **Incomplete primary school**

- **Primary school (4 years of educational level)**
- **6 years of educational level**
- **9 years of educational level**
- **Secondary level**
- **Bachelor's level**
- **Postgraduate level**
- **Master's level**

4.6. Professional Status

- **Student**
- **Employed**
- **Unemployed**
- **Retired**

4.7. Civil Status

- **Bachelor**
- **Married**
- **Divorced**
- **Widower**

4.8. Number of Household Members

- **1**
- **2**
- **3**
- **4**
- **5 or more**

Appendix 13 - CBI Model

In order to complete my situation analysis and finally find the suitable idea or ideas to develop my communication strategy to Continente, I will apply the **CBI** (Creative Business Ideas) Model as a key tool. In this case, this strategic process will involve different stages that would provide me appropriate and creative ideas to the brand.

The first step is called the *market momentum*, where the **brand**, the **category** and then the **prosumer** (consumer insights) will be studied to deliver us some insights about the brand's actual moment in the market.

Market Momentum

1. Category Momentum

a. **Crisis reflection: sales stagnation**
b. **High level of concentration and competition**
c. **Growth in the modern retail in the last years**
d. **Decrease in the traditional retail relevance within the market**
e. **Market is achieving maturity**
f. **Continente is the market leader; Pingo Doce is gaining market share (main competitor)**

2. *Prosumer* Momentum

a. A new type of costumer – different characteristics
b. Consumers are not faithful to one brand
c. Older population – important customer segment in a short run
d. Most of the consumer's final decisions are inside the stores (PoS)
e. Plans for families' budgeting management

3. Brand Momentum

a. 1st Portuguese hypermarket – brand recognition
b. Brand awareness
c. Brand associations: variety of P&S and quality
d. Convenience (parks, large opening hours, etc.)
e. Brand association to social events
f.* Continuous and successful promotions: Continente *Card
***g.* Internet services – embryonic state & low penetration**
***h.* Weak association to low prices**

Appendix 14- Measuring the brand

	Market Research
Brand Awareness	+++
Brand Image	++
Brand Loyalty	++
Brand Quality	++

Table: Poor (+); Medium (++); High (+++)

The market research allowed us to understand that Continente registers a high level of **brand awareness** since customers easily identify and recognize it under different conditions (i.e. regarding the food retail business or even as a successful Portuguese brand). Despite the brand managers desires, the retailer **brand image** is not performing ideally in some levels. In a positive side, consumers perceived Continente as a reliable food retailer with high variety of P&S and always linked with social initiatives; however, the brand is not easily associated with low prices and pleasant shopping experiences, which led to a medium evaluation. Though the Continente card promotions have been increasing the number of faithful customers, a current trend shows that **clients are less loyal** to brands in this business (APED 2010). Finally, due to the Continente's underperformance relative to specific sectors (e.g. online services), the **brand's quality** classification has not reached the higher classification.

Appendix 15 - Online survey analysis for the brand associations[89]

	Intermarché		Lidl		MiniPreço	
High Brand Associations	Low prices	38%	Low prices	70%	Low Prices	76%
	Convenience	26%				

[89] Source.: Online survey (N=146)

Low Brand Associations	**Quality**	**6%**	**Quality**	**5%**	**Variety**	**2%**
			Variety	**3%**	**Quality**	**1%**

Appendix 16– Online survey results: Which is your favourite supermarket?

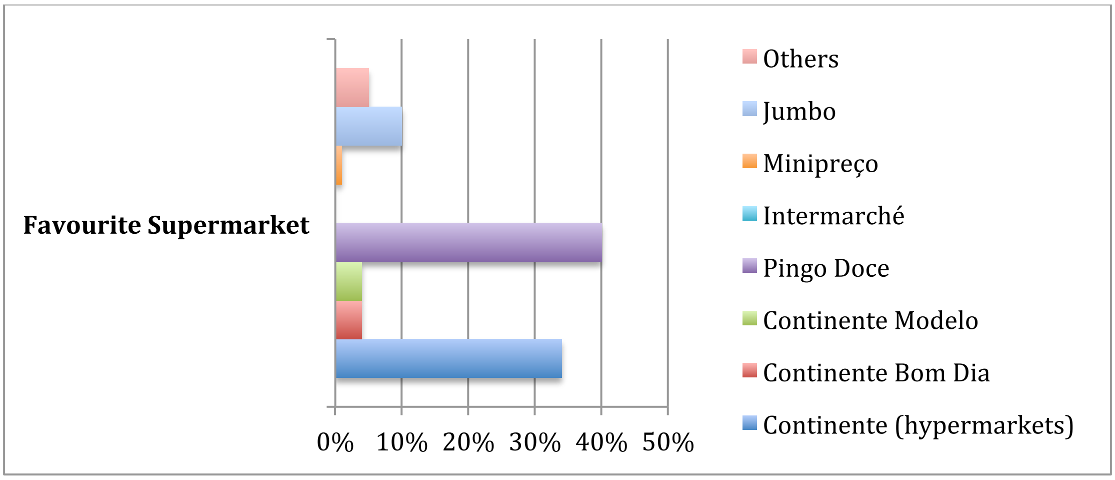


Chart 5: Online survey - favourite supermarket (N=146)

Appendix 17 - Continente online services portfolio[90]

Currently, Continente provides a **wide variety of online services**, not comparable with any direct competitor in the market. These services cover three different online platforms: website, smartphones and tablets applications, and social networks.

Website	Smartphone/Tablet Apps	Facebook
• ***Continente Online*** - the official website where consumers can shop online, access to logistic information, be aware of the promotions, create a personal account, etc. • ***Cartão Continente*** – specialized website for the brand's card members. • ***Chef Online*** – specialized website for	• ***Universo do Bebé*** – interactive app for baby care; contains innovative features such "baby diary" or control of weight, among others. • ***Chef Online*** – interactive app for food lovers; contains a diversified cookbook, interactive videos to learn how to prepare meals, among others options.	• ***Chef Online*** – interactive page for food lovers. Provide videos and posts related to food and meals' preparation. Connected to the website with the same name.

[90] **Source:** *Continente* website – www.continente.pt; Facebook - http://www.facebook.com/chefonline.

food lovers, containing interactive options such as to personal teaching how to cook varied meals. • ***Enólogo Online*** – specialized website for wine lovers. • ***Universo de Receitas*** – an online cookbook. • ***Hiper Saudável*** – specialized website for healthy meals with professional advisors. • ***Marca Continente*** – specialized website for the private brand products. • ***Clube dos Productores Continente*** – specialized website to promote the national products. • ***Dicas para Poupar*** – specialized website to clients learn how to control and adapt their budgets. • ***Missão Sorriso, Casa do Gil*** – specialized website to promote the diverse social initiatives**.** • ***Mundo da Popota*** – specialized website for entertainment.	• ***Continente Magazine*** – informative app with constant news about food and beverages. • ***PopoFun*** – interactive app with games and contests for entertainment.

Appendix 18 - Brand’s negative insight: online services

Trades/Opportunities	Problems/Gaps
Convenience – is also one the factors that influences the consumers’ choices; online services are more efficient and save time to the clients;	**Service impact** – most of the customers do not use the online shopping; some internet services are being under-explored*;* clients aren’t aware of the major online services.
Digital Era – nowadays the technologic devices became an important tool in our daily lives; the E-commerce is increasing due to the diverse and efficient ways to access	**Embryonic state** – create an online platform that allows the customer to shop everywhere; there are also several creative internet applications in the external competitors that

information and easily select the final products through the computers, smartphones or tablets; also, could be interesting to explore the social networks (e.g Facebook).	could be implemented by *Continente* to attract new customers (i.e. *Continente* Shopping app.); it is an area that could offer a wide range of potential solutions.

Appendix 19 – Online survey results: What is the online shopping relevance for you?

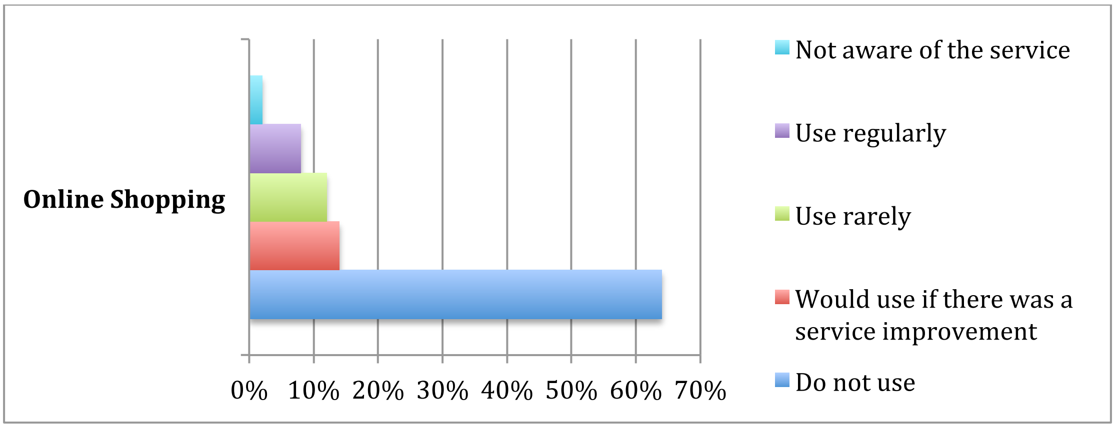


Chart 6: Online survey – online shopping (N=146)

Appendix 20 - Smartphone user profile

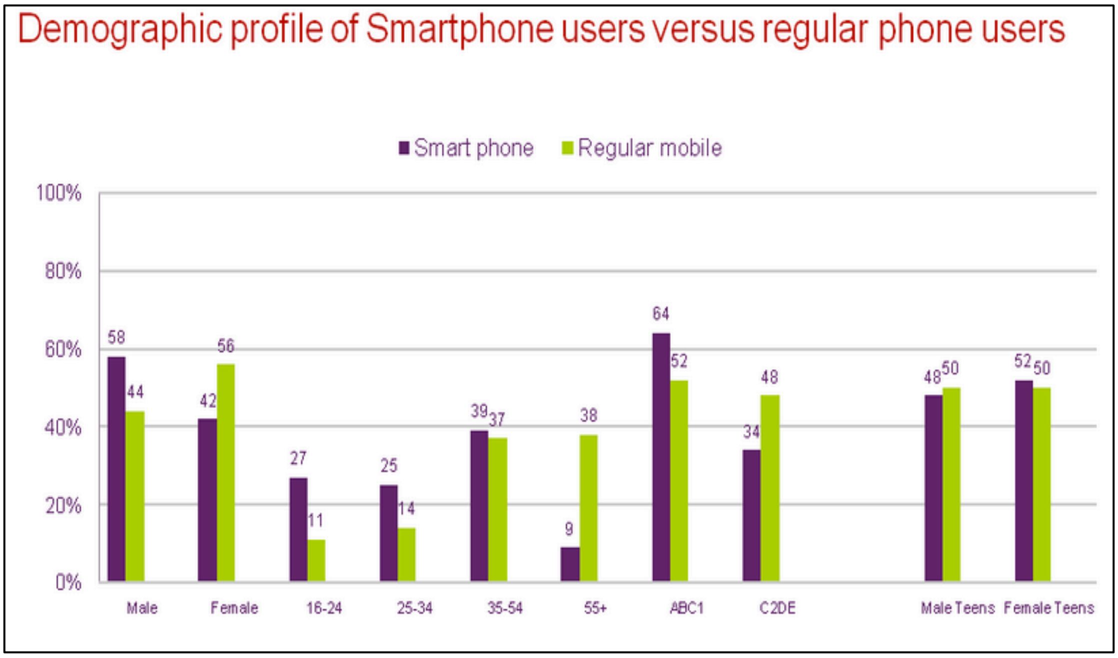


Figure 1: Smartphone users profile (Link: http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr11/uk/1.38)

Appendix 21 - Facebook user age distribution in Portugal

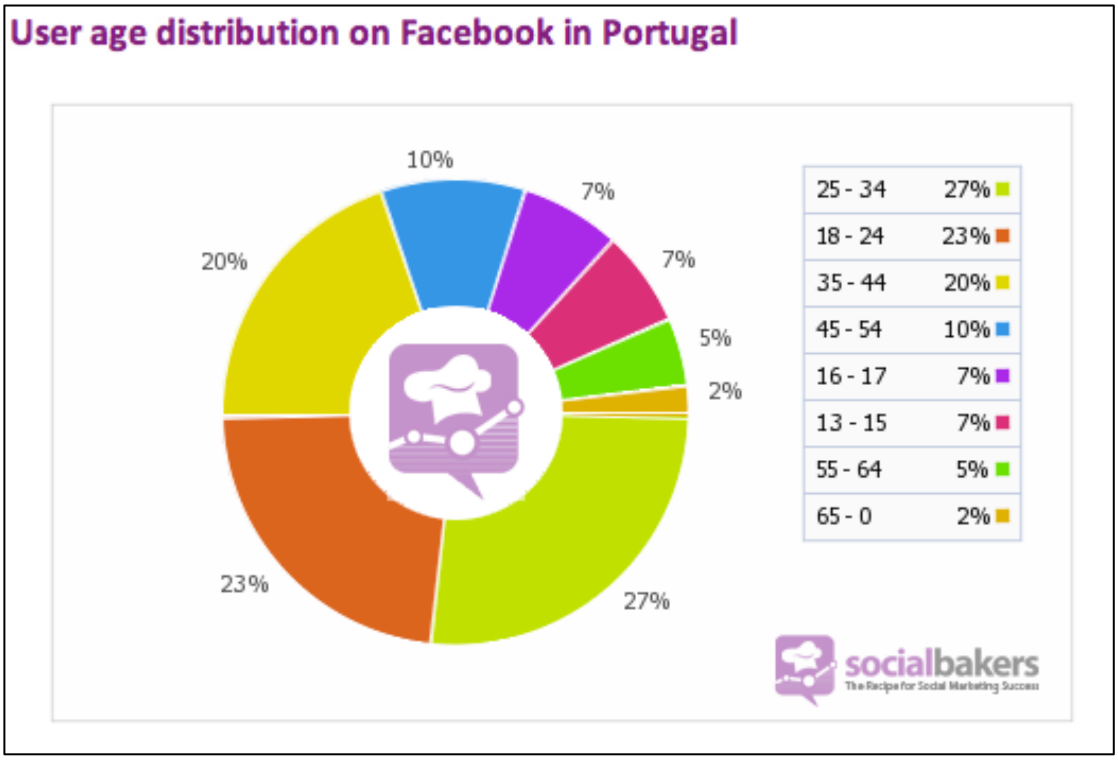


Figure 2: Facebook Age Distribution in Portugal (Link: : http://www.socialbakers.com/facebook-statistics/portugal)

Appendix 22 – Questionnaire for the in-depth interviews

This questionnaire was created to deeply understand the brand's online services performance and gather some valuable insights about the proposals suggested. The respondents were included in the target segment – **technology users** – since they all presented 3 related characteristics: e-commerce users, access to online devices (i.e. laptops, smartphones, tablets) and regular shoppers to their household.

The interviews presented this overall **sample characteristics**:

Sample Size (N)	21 In-depth Interviews
Range of age	19-52
Sex	13 Female 8 Male
Location	Lisbon and Oporto

1. Smartphone and Tablet solution:

1.1. Do you have a smartphone or a tablet device?

- **Yes**
- **No**

If your answer was No above, please skip to the next category:
1.2. Have you ever shopped online through these devices?

- **Never**
- **Few times**
- **Would do it more with the proper solutions (i.e. faster internet, reliable applications or mobile sites, etc.)**
- **Regularly**

1.3 Have you ever downloaded the Continente smartphone/applications?

- **Never**
- **Yes**
- **I am not aware of these applications**

1.4. Which feature would you like to see in a online application for Continente?

- **Logistical information (price, inventory status, localization of products in store)**
- **Mobile barcode scanning (QR codes and RFID)**
- **Information about the brand**
- **Stores location**
- **E-commerce – shop through the app device**
- **Budgeting control**
- **Coupons and discounts**

2. Continente Online Shopping:

2.1. Have you ever used Continente online shopping?

- **Yes**
- **No**

If your answer was No above, please skip to question 2.3.:

2.2. Choose some reasons to use the online shopping? Select 2 reasons.

- **Quality of the service**
- **Lack of time for regular shopping**
- **Reliability**
- **Website simplicity**
- **Rewards**
- **Quality of the products delivered**
- **Pleasant experience (i.e. comfortability, etc.)**

2.3. Choose some reasons to not use the online shopping? Select 2 reasons.

- **No reliability on the payment**
- **Lack of quality of the products delivered**
- **Website design and complexity**
- **Need to physically check the products**
- **No rewards and benefits**

3. Social Networking:

3.1 Do you have a Facebook account?

- **Yes**
- **No**

If your answer was No above, you have finished the questionnaire.

3.2. How regularly do check you Facebook page?

- **Never**
- **Once a week**
- **Once a day**

- **Several times in a day**

4. Demographic Data:

4.1. Gender:

- **Female**
- **Male**

4.2. Age:

- **Between 18 – 19 years old**
- **Between 20 – 29 years old**
- **Between 30 – 39 years old**
- **Between 40 – 49 years old**
- **More than 50 years old**

4.3. Select your highest level of education:

- **No education or incomplete primary**
- **Primary**
- **9th Year**
- **12th Year**
- **Undergraduate Degree**
- **Masters Degree**
- **Ph.D. Degree**

Appendix 23 - Interviews' results: Have you ever shopped online through these devices?

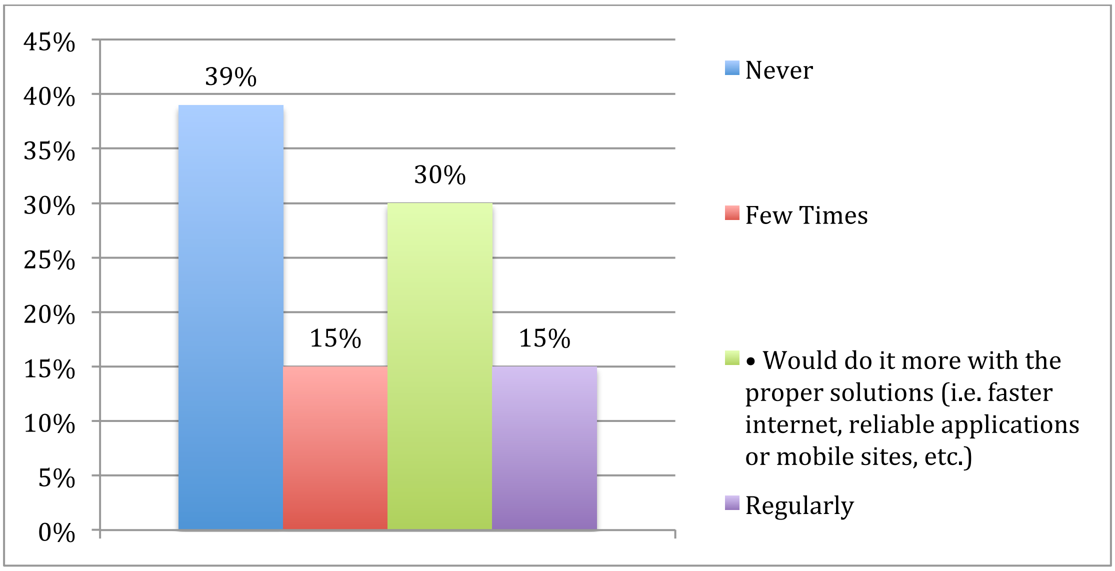


Chart 3: Interviews' results - Have you ever shopped online through smartphone/tablet device?

Appendix 24 – Interviews' results: Have you ever downloaded the available Continente smartphone/tablet applications?

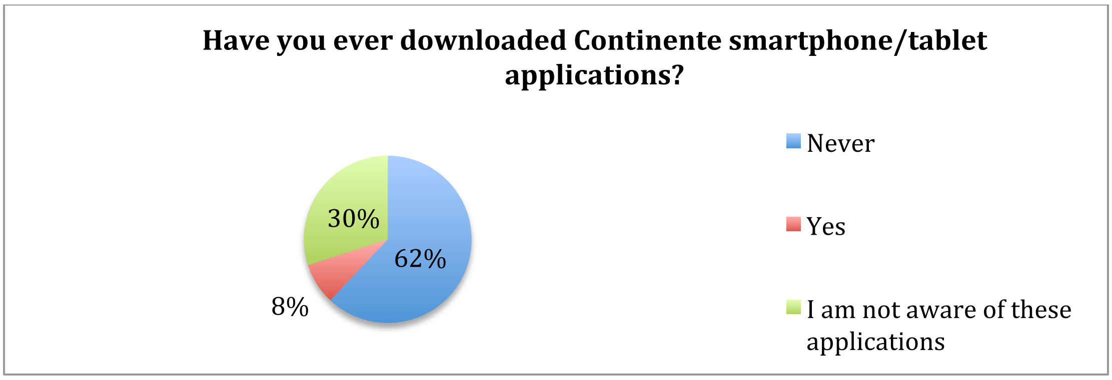


Chart 4: Interviews' results: Continente smartphone/tablet apps

Appendix 25 – Study about the need of e-commerce in retail business[91]

The consulting firm Latitude made a **research** with 100 participants about how new information and **technologies** can be applied to improve consumer experiences related to **food purchase**. The **study results** are summarized above:

[91] Link: http://www.mobilecommercedaily.com/2010/07/30/shoppers-want-mobile-tools-to-improve-food-retail-study

- 30% of the survey respondents would like to **have mobile tools for food shopping**.
- 56% of the participants required more **product information** such as food origins or farming practices from retailers.
- 31% asked for **logical information** such as price, inventory status and a tool to localize the items in-store.
- From the respondents who suggested the mobile tools, 43% required **specialized smartphone applications** that could provide detailed food information.
- 16% asked for mobile **barcode scanning features**, including QR codes and RFID tags, to improve the shopping experience.
- Related to more mobile features, the respondents suggested to include **digital inventories**, maps of stores and tools that allow them to **compare prices**.
- It was also recommended to insert value propositions **such as mobile coupons and rewards programs integrated in the mobile technologies.**

According to Latitude, the survey demonstrated that there is a need for providing more information via mobile by the food retailers. Actually, the retailers who offer mobile solutions to their customers could create more positive shopping experiences to the customers**.**

Appendix 26 - Difference between QR codes, barcodes and RFID

1. QR codes[92]:

[92] Link: http://www.pcmag.com/encyclopedia_term/0,1237,t=QR+code&i=61424,00.asp

A **QR code** (Quick Response code) is a two-dimensional matrix bar code that is used to identify products. This code can store up to 4,269 alphanumeric or 7,089 numeric characters. It is currently used to identify the URL of a company, product or service's website. The mobile phone users can photograph and save information through them by downloading a proper app with a QR reader option.

Figure 3: QR code reader by a smartphone app

2. Barcode[93]:

A **barcode** is an image of lines and spaces typically affixed to retail store items or identification cards. It uses a sequence of vertical bars and spaces to represent numbers and symbols.

Figure 4: Barcode

3. RFID[94]:

A **RFID** (radio frequency identification) is a technology that integrates the use of electromagnetic or electrostatic coupling in the radio frequency (RF) portion of the electromagnetic spectrum to identify an object, animal or even a person. The advantage of this technology comparing to the others above mentioned is that it does not need direct contact or line-of-sight

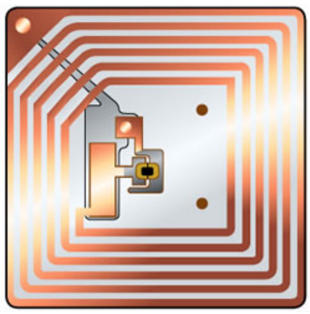


Figure 5: RFID tag

---

[93] Link: http://searchmanufacturingerp.techtarget.com/definition/bar-code
[94] Link: http://searchmanufacturingerp.techtarget.com/definition/RFID

scanning. Actually, it uses an antenna of radio frequency waves to transmit a signal that activates a transponder (the tag). After activated, the tag transmits the data back to the antenna. Following, the data is used to notify a programmable logic controller related to a specific action. This action could vary from a simple raising an access gate to a complex database for a monetary transaction.

Appendix 27 – Images from Tesco's apps for smartphones with barcode scanning and QR codes in South Korea[95]

Figure 6: Purchasing through QR codes

Figure 7: Bar scanning

Appendix 28 – Facts about mobile world[96]

1. By 2013 **more people will use mobile phones than PCs to get online**.
2. Mobile searches have grown by 400% since 2010
3. There will be one mobile device for every person on earth by 2015
4. 95% of smartphones users have searched for local information and 59% visit the location after searching
5. 70% of mobile users have compared product prices on their phones; 65% have read product reviews on their phones;
6. 50% of mobile searches lead to a purchase.
7. 70% use smartphone while shopping in-store.

[95] Source: Tesco
[96] Gartner, 2010; Google Mobile Optimization Webinar, 2011; Cisco, 2011; Lightspeed Research; Google "The Mobile Movement: Understanding Smartphone Users," 2011

Appendix 29 - Smartphones in B2B[97]

1. **More executives use a smartphone than a desktop for a business**.
2. 65% of executives are comfortable making a business purchase on the mobile web.
3. 53% of executives download ruin sponsored B2B mobile apps
4. Within 3 years, 44% of executives expect a smartphone or tablet to be their primary device for business.

Appendix 30 – Free app revenues: *in-app business model*[98]

According to eMarketer, most of the smartphones apps (95%) have been downloaded for free in the last year, where the in-app purchases have been the key growth driver for this sector.

Some free apps still generate revenues through advertising, although there is a shift toward a new "freemium" model that embraced a new source of revenue – ***in-app business model***. This new model is based in consumers downloading the free app and being drawn to make purchases within the app. A successful example of this business model has been the gaming industry. Hence, HIS Screen Digest is predicting that in-app purchases will account for 64% for the total smartphone app revenue in 2015 (see Figure 8).

[97] Google/Forbes Insights, ThinkB2B – B2B Trends in Mobile & Online Video, U.S., 2010

[98] Link: http://www.mediabuzz.com.sg/asian-emarketing/february-2012/1491-in-app-business-model-is-new-standard-for-mobile-app-revenues

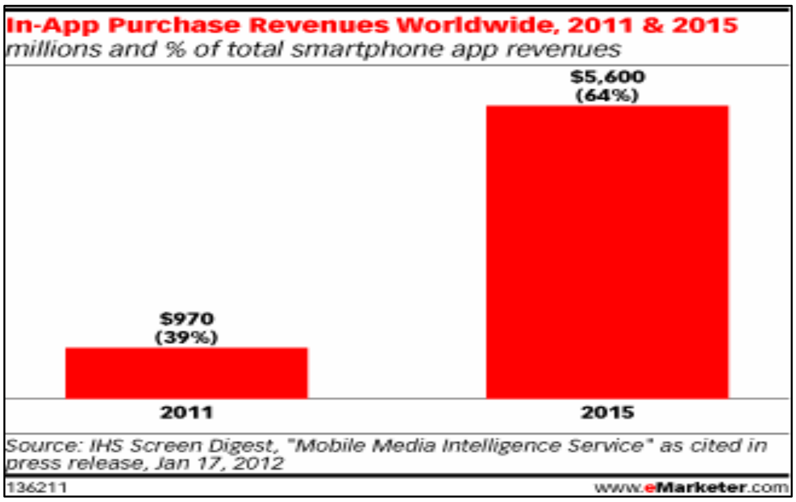


Figure 8: In-app purchase revenues worldwide in 2011 and 2015 (Source: IHS Screen Digest)

Appendix 31 - Six global trends in smartphones[99]

1. Rules of Engagement	Everyone has their own rules for engagement defined by hierarchies of importance; smartphones – to solve existing problems
2. Multiscreen Lives	Use content across multiple devices; harmonising touchpoints will enhance their experience
3. Local Life	Desire to access the service's location; data relating to personal preferences
4. Bridge between Online and Offline	People enjoy technology that connects the digital world and the real one (e.g. QR codes) – mutual benefits sideways
5. mCommerce	Convenience is the key factor; also the need to make wiser purchasing choices – smart shopping

[99] Source: Contagious Insider, Google Homegrown, Advanced Global Mobile Trends (2011)

6. Health and wellbeing	People requires more information and data about themselves; there is also a need for help to become more healthy