A Work Project, presented as part of the requirements for the Award of a Master Degree in Management from the NOVA – School of Business and Economics.

HOW TO IMPLEMENT AND DEVELOP A NEW PRODUCT CATEGORY IN A PORTUGUESE RETAILER

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1. Abstract

This Masters' Dissertation, as part of the Masters' in Management of Nova School of Business and Economics, was conducted in the form of a Directed Research internship at SONAE MC. The project proposed by Sonae was the development of a new product category of ethnic and international food products. Bearing in mind the goals of the internship, it seemed relevant to develop this Masters' dissertation as a guide on how to implement and develop a new product category in the Portuguese retailer, supported by a Case-study, being the latter the development and implementation of the category "Cozinhas do Mundo". The Case-study does not include the implementation in the e-commerce channel because Sonae decided the focus of the project, at this stage, were the offline channels.

Key Words

Product Category

Category Management

Product Assortment

SKU – Stock Keeping Unit

2. Literature review

2.1. Category Management

2.1.1. Category definition

“A product category in grocery retail can be defined as an assortment of products and services interrelated with each other and/or replaceable by each other from a consumer point of view that can be managed to meet consumer needs” (ECR 2000, 4).

2.1.2. Category Management definition

As quoted by Christopher Michel, Category Management is a joint retailer/supplier process of managing categories as strategic business units, producing enhanced business results by focusing on delivering consumer value (Storewars. 2016) (ECR 2000, 4).

2.1.3. Category Management Process

Category Management is crucial for the success of a retailer. Even though it is time consuming, requires a lot of data and implies many costs, the process can become easier if adopted on a day-to-day basis (ECR 2000, 7). This model consists of four phases (ECR 2000, 19-22):

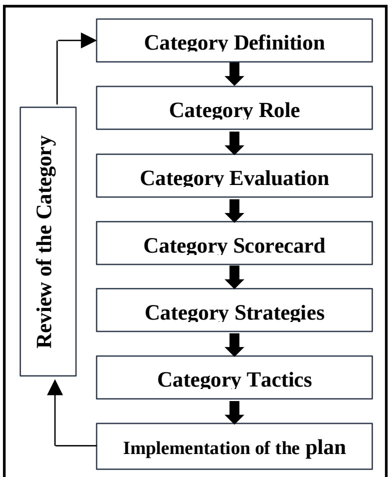
a) **Retailer strategy** – done annually to define the retailer’s strategic drivers with cross-category analysis, assigning roles and allocating resources to each category;

b) **Development of category plans** – a 6-step process which includes category definition, category role, category assessment, performance measures, category strategies and category tactics;

c) **Implementation of category plans**;

d) **Review of category performance** – review the category and assess fulfilment of the objectives defined;

João Silveira Lobo includes step three and four as the last stages of the development of the category plans, making it an 8-step approach (Lobo, 2016, 22-35) (Picture 1).



Picture 1: 8-step Approach for Category Management

2.2. Strategic Plan on how to implement a new Product Category

It is in the second stage of the category management process - Development of category plans - that a strategic plan for the implementation of a new product category arises.

2.2.1. Category definition

The goal is to define which products belong to the category and how they should be segmented bearing in mind consumers' needs. This stage is critical for a differentiation strategy (ECR, 2000, 41-42). The steps to a complete category definition are (Lobo, 2016, 22-35):

a) **Defining the consumer's need** (Lobo, 2016, 22-35);

b) **Selecting the product assortment** – finding the solution to the need of the consumer. The Funnel of Category definition (Appendix 1) is a proposed method on how to define these SKUs. It starts with the consumer's need and through the evaluation of several factors – complementary or substitute solutions, value chain and market data – one can reach the final bundle of SKUs for the category (Lobo, 2016, 22-35).

c) **Defining the structure of the category –** meaning to define the segments which are included in the category and the hierarchy of consumption by the consumer, considering consumer decision trees – CDT's (Lobo, 2016, 22-35). This scheme serves to understand how people shop a category, contributing to efficient product assortments and building more shopper-friendly shelf sets (Nielsen n.a.) (Marketing Management Inc, 2016). For example, in the yogurt subcategory, a CDT would be drawn as shown in Appendix 2. The CDT takes also into account what the consumer considers before deciding to buy yogurt, assuming first he thinks about the type of meal – a main meal or a complementary one. Afterwards, all the options for complementary meals are considered and only after choosing yogurt does the consumer decide based on attributes (Appendix 2).

d) **Complete the structure model of the category –** where the category, the sub-categories, the segments and the sub-segments are determined (Appendix 3) (Lobo, 2016, 22-35).

2.2.2. Definition of the Role of the Category

The role of the category aims to maximize the value of the category to the consumer, while enabling the retailer to effectively allocate its resources according to its strategic objectives. In the ECR's model 3 roles are defined (ECR, 2000, 42) (Lobo, 2016, 36-52):

a) **Destination:** Categories that define the retailer as clearly preferred by the target customers, by a constant delivery of superior value when compared with competitors;
b) **Preferred/Routine**: Important to consumers as a part of their everyday grocery needs;
c) **Convenience:** Creates the opportunity for one extra convenience purchase, providing the image of a one-stop shop to the retailer.

With an extra role, defined by João Silveira Lobo (Lobo, 2016, 36-52):

d) **Seasonal (destination or convenience):** Categories that appear or are reinforced in a given time of the year, helping to shape the image of retailers in consumer's minds;

To define the role of a category, the retailer should analyse sales values, margins, quotas and growth rates to assess how important the category is. Qualitative analysis is also important for which a questionnaire may be used to analyse different parameters from the point of view of the consumer, the retailer, the competition and the supplier (Questionnaire in Appendix 4).

2.2.3. Evaluation of the Category

According to the ECR Model to evaluate the category 5 questions must be answered:

a) **What are the demographics of the segments? –** At this stage the goal is to identify if the retailer's shoppers match the target shoppers of the category and what segments and brands are more relevant for them (ECR, 2000, 43-48);
b) **Who are the key competitors in the category? –** Understand where the current shoppers shop for the category, bearing in mind market shares to decide which competitors to monitor more closely (ECR, 2000, 43-48);

c) **How are the segments performing? –** This analysis can be done through y-o-y comparisons with past performance and benchmarking with the market. Some key indicators are the number of shopping trips and percentage in which the consumer shopped the category, average basket value, sales value for the category and its components, gross margin and profit (ECR, 2000, 43-48).

d) **Which products help build traffic, incidence, transaction and profit?** – Indicators can be penetration, purchase frequency, annual spend and volume bought (ECR, 2000,43-48).

e) **What are the key tactical drivers which may be impacting segment performance? –** This phase is where problems and opportunities are diagnosed to define future tactics. It is important to look at factors like range coverage, pricing differentials, merchandising and promotions, and to benchmark with the market (ECR, 2000, 43-48).

Another approach is the one done presented by João Silveira Lobo, assessing the gap between the actual and the desired state of the category. It focusses in four aspects (Lobo, 2016, 36-79):

a) **The consumer –** It is important to address a series of questions (Lobo, 2016, 36-79):

- Who shops the category? Who are the heavy users?
- Why they shop the category?
- When, where and how do they buy the category?
- How important is a given product to the category?
- How much do the consumers buy per purchase of the category (of the category individually and the overall spending)?

b) **The market –** Market quotas as well and trends and gaps must be taken into consideration. The first step is retrieve information about market trends, about the market geographically and in terms of channels and competition. The second step is to analyse the retrieved information and determine opportunities (Lobo, 2016, 36-79).

It is therefore important to look at the current category performance – value of sales, the growth rate of the category in the retailer, in the market, per channel and in competitors – and the fit with the trends and the role defined. João Silveira Lobo also suggests some matrixes that are useful to assess these opportunities, such as the Quota/Growth Matrix (Appendix 5), in which recommendations are defined (Lobo, 2016, 36-79).

c) **The retailer** – Assessing the margin of contribution of the category and its productivity. It is important to analyse the gross margin and inventory rotation (formula in Appendix 6). Using these two measures, one can compute the Gross Margin Return on Investment – GMROI (formula in Appendix 7) – which is the total value of Gross Margin generated for every unit of money invested in average inventories. With these new variables two other matrixes can be drawn – the Participation/Contribution matrix (Appendix 8) and the GMROI decision matrix (Appendix 9) –attributing names to the subcategories and a set of possible actions for each (Lobo, 2016, 36-79).

d) **The Supplier** – Analysing its efficiency and quota, by answering (Lobo, 2016, 36-79):
   - How are the producers contributing for the results of the category?
   - How can the suppliers improve the supply chain?
   - How are the suppliers behaving in terms of product delivery?
   - Have the suppliers been able to share knowledge of the products and of the market?

2.2.4. Category's Scorecard

At this stage, the opportunities identified in the evaluation are used as the basis of the scorecard. These opportunities can be quantified using, as criteria, value drivers (e.g. number of trips, shoppers and transaction value), financials (sales value and gross margin) and market values (value share). The output will be a set of performance targets for the category summarized in the scorecard (Appendix 10) which João Silveira Lobo defines as a set of clear goals also known as KPI's – Key Performance Indicators (ECR 2000, 49) (Lobo, 2016, 80-93).

They should measure overall performance and be aligned with the retailer's strategy, with the purpose of keeping track of progress, serve as a basis for reward and to ensure the goals of the retailer and of the supplier are aligned. To build the scorecard one needs to (Lobo, 2016,80-93):

a) Review the criteria and the standard scorecard of the retailer;

b) Assess if any other criteria is necessary for the category;

c) Develop KPIs for each criteria;

d) Get approval for the scorecard.

2.2.5. Category's Strategies

The ECR looks at this phase as the link between the individual category strategy and the overall retailer strategy. In João Silveira Lobo's approach this stage is the plan to bring the category from its current state to the desired state. Both approaches look at the strategies as the basis for the category tactics and long-term planning. In the ECR Model, first the main drivers of sales and profit are identified. Within these drivers the opportunities available to boost them must be considered leading to the strategies on how to tackle these opportunities. From João Silveira Lobo's perspective four steps must be considered (ECR 2000, 50-51) (Lobo 2016, 94-104):

a) Understand the strategic options available in terms of provisioning, supply chain, marketing and in-store services and the type of SKUs that fulfil each strategy:

STRATEGY	PRODUCT CHARACTERISTICS
Increase traffic	SKU's with high participation, high penetration in homes and frequent purchase
Increase transaction value	SKUs with high transaction value
Cash generation	SKUs with high rotation, good payment conditions, efficient suppliers and low price
Protect territory (protect sales and market share)	SKU's frequently bought by the target consumer; SKU's clearly preferred and frequently promoted by competition.
Generate profit	SKU's with the highest margins, generators of loyalty, with low price sensitivity
Create enthusiasm	New SKUs, seasonal, fast growing segments/SKUs
Reinforce retailer's image	SKU's that reinforce the strategy of the retailer

Table A – Strategic options and SKUs that fulfil them

b) Bear in mind the conclusions from the previous stages of planning;

c) Analyse suppliers' strategy to ensure it supports the strategy of the retailer;

d) Select adequate strategies and apply to sub-categories, segments, brands and SKUs:

Stage	Questions to assess
Selection	- What is the strategy? What is the name and description? - What is involved (which segments, consumers, products, brands, sku's, etc)? - How to implement? Which tactics to apply for promotion, price, assortment, display?
Validation	- Why this strategy? What are the costs? What are the benefits? - What is the probability of a successful implementation?

Table B – Process of selection and validation of strategies

2.2.6. Category's tactics

To put in place the chosen strategies. The ECR Model determines four factors to look at: **Range, Pricing, Promotion** and **Merchandising** (ECR 2000, 52-65). João Silveira Lobo also includes **Service** and **Supply chain** and specifies possible tactics (table D) (Lobo 2016, 105-128).

Range	Fragmentation of the category Efficiency sales/profit	Competitive coverage KPI's of the consumer
Pricing	Price intervals Price reductions	Gap Supplier brand
Promotion	Best(worst weeks Key events in the calendar	Promotional Mix Impact of price reduction
Merchandising	Aisle and shelf space allocation Adjacencies	Space allocation of competition
Service	Current level	Competitor's level
Supply chain	Service level Overall cost of logistics	Supplier efficiency

Table C – List of possible tactics for the category

- **Range –** To define these tactics, two questions must be assessed (ECR 2000, 52-65):

a. What exists in the market and are there any missing SKUs?

ANALYSIS	OUTPUTS
- Market/ channel coverage versus retailer coverage; - Identify forthcoming new products (introductions from suppliers); - Ranking of sales volume and value of products to identify most important ones (if info is available)	- List of missing SKUs and their importance; - List of SKUs that contribute to category growth; - Recommendation of new product introductions; - Time plan; - SKU coverage (# stores where product is present).

Table D – Analysis of assortment

b. What SKUs are unproductive and should be de-listed?

ANALYSIS	OUTPUTS
- Cumulative sales analysis (Appendix 11); - Contribution to financial performance analysis (Appendix 12); - Productivity analysis (Appendix 13).	- List if underperforming SKUs; - Recommendation for de-listing products; - Plan for execution.

Table E – Analysis of performance of SKUs

The candidates for delisting are those in the red areas of the analysis (Appendix 11,12 and13).

Before de-listing the retailer must consider factors like whether the SKU contributes to variety or spontaneous awareness or if it has high usage value, high loyalty, strong regional following or high impact on the corporate image (ECR 2000, 52-65).

- **Pricing –** Tactics of pricing are based in three questions (ECR 2000, 52-65):

a. Which products are highly elastic and therefore require constant monitoring?

Segment the category, in different price segments and by price stability, which will give a hint about quality and the market positioning. Afterwards products should be grouped by elasticity – superdinamics, dynamics or statics. The higher the elasticity the more frequently it needs to be monitored (ECR 2000, 52-65).

b. Which products are contributing to margin and where are the opportunities?

ANALYSIS	OUTPUTS
- Comparison of price level with the competition; - Identification of the elasticity of products; - Estimation of sales, gross margins and contribution.	- Model with pricing and margin levels including a - comparison with the competition

Table F – Analysis of contribution of SKUs to margin

c. How does base pricing compare with promotion pricing?

ANALYSIS	OUTPUTS
- Comparison of retailer spread (base and promotion) with market; - Analysis of whether the current spread is adequate by tracking current and previous prices and comparing with the market.	- Benchmark of base and promotion pricing levels and spreads with competition with evolution overtime.

Table G – Analysis to compare base pricing with promotion pricing

- **Promotion –** the model considers three aspects when defining tactics (ECR 2000, 52-65):

a. Which promotions (intensity and number) are taking place in the market?

ANALYSIS	OUTPUTS
- Tracking of all promotions activities done by retailer. - Analyse current promotions from competitors in terms of intensity and number.	- Data base with frequency, intensity, mechanic, timing and volume sold in promotion with a benchmark with competition.

Table H – Analysis of current promotions (in the retailer and in the market)

b. Do promotions in this category deliver growth?

At this stage, it is important to check volumes sold in promotion versus volumes sold in base price and conclude whether the category is generating real value or whether it relies on promotional volume to maintain share (ECR 2000, 52-65).

c. Which SKUs deliver the greatest growth?

ANALYSIS	OUTPUTS
- Identification segments that have been in promotion each week; - Comparison of weekly campaigns to rank the incremental lift in sales.	- Understanding of more effective promotions; - Understanding of length/intensity of promotions and impact; - Understanding of reliance of particular SKUS for promotion; - Benchmark of retailer discount level.

Table I – Analysis of SKUs' potential

- **Merchandising –** to define tactics for merchandising one must go over the Merchandising Checklist (Appendix 14) (ECR 2000, 52-65). The output is a planogram that should vary according to store features and be aligned with the CDTs, benchmarking with competitors in terms of space, adjacencies and location in the store (Lobo 2016, 105-128).
- **Service –** Especially important for the destination role. Guides on how to use products, lending of tools, loyalty programs, customized promotions, workshops and seminars are some of the tactics for client service. To define the adequate tactics the retailer should resort to the information from the evaluation stage, enquire in-store workers, clients and suppliers and benchmark with competitors (Lobo 2016, 105-128).
- **Supply Chain –** Tactics vary according to the strategy defined (Lobo 2016, 105-128):

Strategic Area	Tactical Opportunity	
Product handling	- Previous scheduling for receiving - Advance Shipment Notice - Packaging size: Pallet/Box/Unit	- Rental/Exchange of pallet - Cross-docking - Returns for damage/losses
Transaction	- Online orders - Online billing	- Online transfer of funds
Acquisition	- Number/Quality of suppliers - Alternative sources	- Groupage/Collaborative programs
Order/payment	- Price-checking - Online catalogue - Large orders	- Terms of transaction - Incentive programs
Transportation	- Backhauling - Dedicated carriers	- Drop ship - Direct Store delivery
Inventory management	- Automatic replenishment - Pallet/Case/Unit Packaging - Consignment programs	- Days Supply Buffer - Retail Space Allocation

Table J – Possible tactics for Supply Chain

For all tactics, one must prioritize and select which ones implement by assessing the benefit for the consumer, the probability of success, requirements for implementation, applicability to the category and its priority level. The Tactogram summarizes all these aspects taking into account both the role of the category and the strategies defined.

The tables in Appendix 15 and 16, exemplify how some tactics fulfil given roles and strategies, respectively (Lobo 2016, 105-128).

2.2.7. Implementation of the plan

The ECR defends that early stages of implementation should be included whilst planning (examples in Appendix 17). Each retailer should have its process for implementation but there are three key aspects to consider at this stage (ECR 2000, 66-69) (Lobo 2016, 129-135):

a. **In-store trials:** To test the concept, gain notoriety within the company, develop basic and key competences, obtain results quickly and establish strategic partnerships early on. Trials must be representative in number and variety of stores and should sometimes include field-based support and spot checks (ECR 2000, 66-69) (Lobo 2016, 129-135);
b. **Operationalizing and Roll-Out**: To design the internal systems, start organizational change and attain fundamental results (Lobo 2016, 129-135);
c. **Integration:** To develop advance competencies like micromarketing and Activity Based Costing, establish process leadership, make organizational change sustainable and get significant results (Lobo 2016, 129-135).

It is also important to identify changes that will affect the consumer in aspects such as range, promotions and merchandising and make sure he is aware of them (ECR 2000, 66-69).

João Silveira Lobo further suggests some tools to facilitate implementation such as a calendar with deadline scheduling (Appendix 18), a process map to organize and guide the work and templates and worksheets to rationalize the work (Lobo 2016, 129-135). After implementation, it is important to assess the success of the project. This evaluation should only take place when sufficient time has passed and should include comparison with control groups, assessment quantitative and qualitative measures and impact on related categories (ECR 2000, 66-69).

3. Research Methodology

3.1. Benchmark analysis – Assortment definition

The goal of this research was to define the product assortment of "Cozinhas do Mundo". To do so, there was the need to gather data about which products were currently being offered, the dominant brands and the prices at which they were being sold. Nowadays, Jumbo is the destination store for all Ethnic and most International food products in Portugal, being defined as the benchmark for all the ethnic targets and for the PALOPS, Brazil and Eastern Europe. For the last two targets the Mix Market and Glood stores were also evaluated. Regarding the UK target, both Iceland and Apolónia in Algarve were benchmarks, being the latter also the best practice for French and German immigrants. The Spanish target was not analysed since Sonae has a specialized company helping with the assortment selection.

To gather this information a primary research was conducted by visiting ten different stores in Algarve and Greater Lisbon (list of stores in Appendix 19). In these stores, the information was retrieved by taking notes and visual evidences and analysed à posteriori to fill the benchmark matrix (Appendix 20). Data from the online websites of the stores was also analysed. The outcome was information about nearly 2400 different products. The products were grouped in about 340 different product categories (Appendix 21) to facilitate comparison and for each of the 2400 products its brand, price, weight and target ethnicity was defined.

3.2. Lidl in-outs

Lidl has a strategy of in-outs of products of different ethnicities which is very popular in Portugal. Since some of its fairs have repeated, tracking the evolution could give a hint about top sellers, recommended pricing and even ideas for thematic fairs. By analysing 6 catalogues (example in Appendix 22), 216 products were identified. The ones repeated between fairs were considered the important products and the ones delisted were assumed to be less successful. In addition, the price changes from one fair to another hint the adequate price for certain products.

4. Case-Study – Implementing a category of International and Ethnic products in SONAE

4.1. Contextual Background

4.1.1. Grocery Retail in Portugal

After the economic recession at the beginning of the decade, the Portuguese economy is returning to growth. Grocery retailers recorded 3% value growth in 2016, an improvement over the 2% value growth witnessed in 2015, and the 1% value CAGR of the review period. This industry is expected to reach EUR23 billion by 2021 (Euromonitor 2016).

4.1.1.1. *Competition and most important players*

Competition in the channel remains fierce, as Modelo Continente Hipermercados continued to lead with a 17% value share in 2016, followed by Jerónimo Martins Distribuição de Produtos de Consumo, behind only by half a percentage point. With prices in equilibrium at a lower level, retailers compete through other types of differentiation, trying to improve the consumer experience and service by offering a wider product range, aggressive promotions and loyalty programs, which makes operating in the market difficult for small players. At the same time, this low-price equilibrium has become a challenge for discounters reducing their appeal to consumers. Lidl, for example, has repositioned itself in the Portuguese grocery retail channel. In June 2016, the leading Spanish grocery retailer, Mercadona, announced its intention to enter the Portuguese market which is expected to have a significant impact on the modern grocery channel, due to Mercadona's leading position in the Spanish market (Euromonitor 2016).

4.1.1.2. *Promotion intensity*

Price promotions are a dominant trend in the channel in 2016, where approximately 45% of the products are purchased in promotion, driving average consumer unit prices down. (Miranda 2017, 1). This practice, usually transitory, has now been prevalent for several years.

4.1.1.3. *Private labels trend*

Another relevant trend is private label products, as, already in 2014, 8 in every 10 Portuguese consumers perceived private label products to be a good alternative to producer labels. (Nielsen 2014). Private labels grew at 3,5%, while producer label products registered a growth of 0,6% in the first quarter of the current year, reinforcing the strong positions of hypermarkets and supermarkets (Euromonitor 2016) (Nielsen 2017).

4.1.2. Immigrant Population in Portugal

Due to the different migration flows over the years, several different immigrant communities are present in Portugal today. After 2013, as a result of the more favorable economic conditions and other benefits such as the "estatuto de Residentes Não Habituais" and the Golden Visa, more immigrants have started coming to Portugal (DEM Sonae MC 2017). Today, almost 3,9% of the Portuguese population are immigrants, accounting for 392.969 individuals (PorData 2016) (Full information in Appendix 23).

The most relevant ethnic group in Portugal is still the immigrants from Brazil representing 20% of the immigrant population and the PALOPs' immigrants weighting 20% all together. Another important group is Eastern Europe – 18% of total emigrant population. China, India, UK, France and Spain also have a considerable presence among the Portuguese immigrant population. According to the SEF report on Immigration, Frontiers and Asylum in 2015, the number of immigrants from Brazil, PALOPS, Eastern, China countries is expected to decrease, while the number immigrants from the EU, namely from the UK, Spain, France and Germany, will increase. (Pordata, 2016) (DEM Sonae MC 2017).

An arising trend is the increase of high-class immigrants in Portugal with higher purchasing power, especially from Brazil but also from China, the UK and France (DEM Sonae MC 2017).

4.1.3. Tourism in Portugal

The tourism in Portugal grew 19% since the beginning of 2017, registering already 21 million tourists (CM 2017) (Sapo 2017). Tourists are no longer only choosing Algarve but also other areas of the country like Lisbon and Madeira island (Appendix 24) (Expresso 2017). The most relevant tourism per country of origin are, excluding Portuguese tourists, tourists from the UK (9,4%), Spain (8,6%), France (7,1%) and Germany (6,4%) (Appendix 25) (INE 2017).

4.1.4. Trend of ethnic food among Portuguese consumers

Ethnic food as become a part of the eating habits of many Portuguese. This trend has been introduced especially by the restaurant business where more and more restaurants from different ethnicities are opening. Chinese and Indian food restaurants have been present for a long time and more recently Japanese food has become very popular. But the novelties have been Mexican food, with over 15 Mexican restaurants in Portugal and Asian food concepts more focused in Thai and Indonesian food. Today there are over 190 Indian restaurants and over 490 Asian ones in Greater Lisbon (Zomato, 2017).

4.2. Definition of the category

This category arose from a very pressing consumer need. With the continuous growth of immigrant communities and of tourism in Portugal, this segment of the population struggled to find the products that were a part of their everyday routine. They usually resort to specialty stores that offer these specific products but at very high prices, sometimes with doubtful quality and most of the times forcing these consumers to shop in different places to be able to have all the products they need. At the same time, Portuguese consumers where becoming curious for different food products and creating new eating habits that include ethnic products.

Therefore, there was the need to define two different targets:

a. **International target:** Immigrants/Tourists living permanently or temporarily in Portugal looking for the typical food of their home country;
b. **Ethnic target**: Portuguese consumers with interest in ethnic food.

For the International target, the ethnicities chosen were those with the most immigrants in Portugal and also those that present the highest growth prospective in the next years namely Brazil, PALOPs, countries from Eastern Europe, the UK, France, Spain and Germany. The focus for the Ethnic target was Mexican, Indian, Maghreb and Asian foods. The latter included Tailand, Japan and China. Despite their weight in the immigrant population in Portugal, China and India where not included in the International target because the market studies revealed these are very closed communities that prefer to shop at their own stores (DEM Sonae MC 2017).

4.2.1. Selection of Assortment

For the two different targets, different research methods were applied. For the international target, SONAE's department of market studies carried out a series of interviews, focus groups and in-home observations to identify what products are a part of their food habits and where they are purchased. This study entailed five relevant ethnic communities: PALOPS, Brazil, Eastern Europe, France and the UK. The products identified were categorized into basic and distinctive. The basic ones are the "must haves" which are heavily present in the day-to-day meals of these communities. The distinctive ones are products characteristic from their home country that usually constitute indulgence purchases. For most of the products not only the type product was relevant but also the specific brand. For these targets, the selection of assortment criteria was to include in Sonae's offer all the products identified as basic and also some of the distinctive ones, benchmarking with competitors to decide this latter offer.

When defining the assortment of the ethnic target, due to this banalisation of the consumption of some ethnic products, the need of clearly defining what products could still be considered ethnic food arose. The criteria defined was that if the products were already present in every Sonae store, like noodles or own label soy sauce, they would be considered "mainstream ethnic food" and would belong to their original category, instead of "Cozinhas do Mundo". To determine the assortment for this target primary and secondary researches were conducted which were described in the Research Methodology chapter. The final assortment is composed of 275 SKUs, of which 136 are ethnic and 139 are international products.

4.2.2. Determine the structure of the category

There must be two different CDTs for this category, one for each target. Although there are no market studies or information available regarding consumer behaviour for this category, it is possible to build CDTs by using the Self Serve tool provided by Sonae. This program contains all the data from the retailer's loyalty card and enables the retailer to track consumer patterns and behaviour. Since some products of ethnic food were already present in pilot stores it was possible to use this tool to build a CDT for the ethnic target (Appendix 26). The first decision factor is the type of food and then the specific product. Even though the consumers of ethnic food products are usually from a medium upper class, they are quite price sensitive when shopping the category and choose price over brand. Since the international food category did not have a significant number of products in the stores, this CDTs could not be built yet.

4.3. Definition of the category role

The category will have two different roles. For the international target, it is a **convenience category**, as before consumers would do their usual shopping in super and hypermarkets and go to speciality stores to buy products from their home country. Now they can buy everything at Sonae MC stores, providing an image of one-stop shop, but on a convenience basis.

For the ethnic target, it is a **destination category**, becoming top of mind for consumers. Sonae will deliver superior value to the consumers, with a dominant assortment in length rather than in depth (like competitors) and with dominant pricing – the lowest in the market.

4.4.Evaluation of the category

4.4.1. The consumer

Using Self Serve it is possible to identify the consumer DNA for ethnic products, basing the analysis on the data from the offer of "Cozinhas do Mundo" from July up until now. The typical consumer of **ethnic food** products is a woman, between the age of 35-45, from a family of 2 and that lives mostly in Greater Lisbon. In terms of Sonae's personas - "Os 7 magnificos" (Appendix 27) – these consumers are mostly *Healthy and Demanding* or *Sophisticated and Urban*, which have lower sensitivity to price, and therefore the lower search for promotions, are constantly technological connected and look for quality and premium cuisine, being strongly motivated by convenience. For the **international target**, the Self Serve team had to use a text mining algorithm, identifying 124 thousand international clients that have purchase in Sonae in the last 12 months. Analysing these consumers, they go to stores more frequently than the average consumer but also have baskets with lower values. They are divided into different lifestyle groups. One the one hand *Healthy and Demanding*, on the other hand *Highly drawn to Promotions*, having, in general, low loyalty to Sonae stores.

4.4.2. The market

Currently, few data is available to evaluate performance such as sales. Moreover, data about the market potential of this project – market size, growth, and quotas – has not been computed by Sonae nor is it available in other sources. For this reason, the evaluation of this category was more focused on qualitative aspects rather than quantitative, namely on current trends mentioned in the Contextualization chapter.

In addition to these trends, the fact that this emerging consumer need remains untapped by the leading retailers, is also worth taking advantage of it. The main competitors in this category are Jumbo, Apolónia and Iceland. Speciality stores are also an alternative but have less diverse assortment, being specific to one ethnicity. Moreover, Jumbo only offers this category in Greater Lisbon and Apolónia and Iceland stores are only present in Algarve.

Regarding quantitative data, the results of the trial stores have revealed some of the potential of this new category. For confidentiality reasons, the sales values cannot be disclosed, only the growth rates. The sales of the category have increased approximately 29%, comparing the period of the pilot stores of 2017 (July-November) with the same period of 2016 and bearing in mind that before the project was implemented some of the products were already sold in stores. The weight of the category in the total sales of Salted and Sweet groceries and Beverages – the categories that have products in "Cozinhas do Mundo" – was 1,31% in 2016 and is now 1,59%. Only in Salted grocery – the predominant category – it had an impact of 4,42% in 2016 and now it weighs 5,41% (Appendix 28). In addition, Nielsen, already considers in their analysis certain brands such as Pataks and Old el Paso, which can serve as a hint for market quota. Sonae's share for these brands is, respectively, 28% and 39%, having grown from 26% and 34% in 2016, with an average of 33% (Appendix 29).

4.4.3. The retailer

Since the price of most products has already been negotiated and RSPs have been set, it is possible to calculate the gross margin per category of origin (e.g. pre-prepared meals) and ethnicity (this analysis cannot be disclosed for confidentiality reasons), being the average margin of the category is, approximately, 43%. Regarding inventory rotation, this information is not available yet but most products are expected to have low/medium rotation given that they are destined to a small group of consumers within Sonae.

4.4.4. The supplier

So far it is not possible to assess supplier performance as orders just started being placed and some suppliers have not even been created in Sonae's systems. In terms of collaboration, most suppliers have shared a list of best selling products in Portugal, they have all agreed to have Portuguese labelling stickers in their products and to support future promotions.

4.5. Balanced Scorecard

4.5.1. Definition of criteria for the category

The typical Scorecard of the retailer can be found in Appendix 30, which is more focused in market quota, sales and gross margins. For this category, some other aspects were also considered (Table below). In terms of the consumer, KPIs are based in dominant assortment and the most competitive price, especially for the ethnic target. As some competitors already offer own brand products at competitive prices, it was considered important for Sonae to offer private label products. Since in this project Sonae deals with many foreign suppliers it must ensure they deliver the products on time, in good conditions and with proper labelling. These products should also have a minimum level of rotation, in order to minimize losses. Moreover, Sonae aims to collaborate with supplier who are willing to promote the category.

4.5.2. Definition of the KPIs

CRITERIA	KPI's
Dominant assortment	- Market study in 2019 cannot reveal more than 5 type of products per ethnicity that are offered by competition and not by Sonae.
Most competitive price	- The lowest price in every product of the category.
Sales Value	Cannot be disclosed for confidentiality reasons
Sales growth	- By 2019, grow sales by 30%, considering expansion of assortment and number of stores
Gross Margin (value and %)	- By 2019, not to have any change in gross margin
Support from suppliers for promotional activity	- Over the year 2018, each supplier must have supported at least 2 promotional activities.
Market Share	- By 2019, have an average market share of 37%.
Development of own brand products for ethnic food	- By 2019, Sonae should offer at least the same private label products as Auchan offers in this category.
Efficient delivery from suppliers	- Suppliers must comply with service levels of 90%, considering delivery, product conditions and Portuguese labelling.
Inventory Rotation	- SKUs with a rotation over 150 days should be considered for de-listing

Table K – Scorecard of "Cozinhas do Mundo"

4.6. Category strategies

For this category the strategic options are Increasing Traffic, Increasing the number of consumers coming to the store, Increasing Transactions, by boosting transactions in volume and value and creating enthusiasm by introducing new and trending SKUs, especially for the ethnic food products. Another strategy is the reinforcement of the retailer's image since this new category contributes for the consumer's perception of Continente as the store with the dominant assortment, offering the largest variety of products (Strategy board in Appendix 31).

4.7. Category tactics

4.7.1. Range

a) *What exists in the market and are there any missing SKUs?*

The Matrix in Appendix 32 shows the missing product types in the beginning of the project per ethnicity. The values of the matrix are per type of product (e.g. sriracha) and not per number of SKUs of each type of product (e.g. sriracha Uni eagle and sriracha Flying Goose).

Considering the strategy of dominant assortment, the tactic for ethnic products was to offer every product of ethnic food also offered in the market. For international food, as mentioned above in assortment definition, all the basic and some of the distinctive products were included.

b) *What SKUs are unproductive and should be delisted?*

When choosing candidates for delisting, the ECR's analyses were not used since there was not enough data. As mentioned before, in this initial stage of the project, the delisted products were:

- Those products considered mainstream ethnic food, returning to their categories of origin (e.g. Pre-prepared meals);
- Multiple SKUs of the same type of product just in different variations (e.g. 15 tortillas), which were selected based on the sales value of the last 6 months. If this data was not available, the supplier would be asked to indicate the top selling item. Factors like shelve impact of the brand relevance were taken into consideration before delisting.

4.7.2. Pricing

a) *How elastic are products and how often should they be monitored?*

Since the category is still being developed and implemented it is not possible to assess the price sensitivity of consumers or competitor’s response to price shifts yet. However, even though the shoppers of this category have medium/high purchasing power, they seem to be quite price sensitive when choosing between varieties (e.g. size, brand) of the same type of product. Since one of the Sonae’s goals is to be the price leader, there should be frequent benchmarking, once or twice a month, at Jumbo and Apolónia which are the main benchmarks and adjustment of prices if needed and possible.

b) *Which products are contributing to margin?*

In order to make this analysis all the products already negotiated with suppliers were taken into consideration. These products were segmented per ethnicity and per category of origin (e.g. canned goods) to compute the average margin of these subgroups. On average, the margin is 43%. The two categories with the highest margins on average are beers and desserts, being Mexico the ethnicity with the highest margin values.

4.7.3. Promotion

A promotional plan has not been defined yet but the goal is to have moderate promotion levels for this category, following the pricing system for High Low like the retailer’s strategy overall. There will be specific fairs, which are already scheduled and in which all the products of a given ethnicity will be in promotion (detailed in Implementation chapter). Although all suppliers have agreed to support promotions, their depth is yet to be defined.

Analysing the competitor’s promotion intensity, it is possible to conclude it is also moderate for big retailers and even less aggressive in speciality stores. Nevertheless, the latter resort frequently to customized promotion via SMS, which is the case of Mix Market.

Sonae has not yet gathered data about promotion elasticity in this category and therefore it was not possible to analyse if these price movements are delivering growth in sales and value or simply destroying margin.

4.7.4. <u>Merchandising</u>

In terms of merchandizing, the presence of the category in-store varies from 1 to 6 gondolas according to the size and needs of the store. The stores are equipped with signalling on top indicating which ethnicity is offered in each gondola (Pictures in Appendix 33). For the ethnic target it is divided into Mexico, India, Asia and Maghreb. For the international target, it only says international so it is possible to adjust assortment. In terms of shelve organization, the planograms are not in line with the CDTs defined, since this tree was a draft based in a small sample of products across a very short time period. Instead it is organized by ethnicity, then brand – in order to create a “brand stain” like shown in Appendix 33, and only after, by type of product. Price is not considered a variable for shelve display. Regarding adjacencies, although pre-prepared noodles, which are SKUs with high rotation, are no longer a part of this category they will always be in the adjacent gondola in order to increase traffic in the aisle. Moreover, the Mexican food gondola is meant to be always placed in the beginning of the aisle since it is the one which draws more attention.

Benchmarking with competitors, Jumbo offers 14 gondolas of ethnic and international food and Iceland and Apolónia are both supermarkets whose assortment is almost entirely destined for immigrants mostly from the UK and France. Jumbo also includes signalling with information about the ethnicity of the products offered and organizes its shelve space in the same way.

4.8. Implementation

4.8.1. Implementation Plan

As pilot stores were already in place the next stages of implementation are the roll-out and the communication plan (timeline in Appendix 34). Throughout the project several presentations were carried out in order to brief the other business units, the operations and management about the status of the project.

4.8.2. Expansion (Roll-out) plan

This project is going to be rolled-out to about 253 Sonae stores across the country by the beginning of 2018. All stores will have ethnic food and some will also have international food according to the analysis of the distribution of the immigrant population in Portugal (Ethnicities per store in Appendix 35). The roll-out is based on 3 different approaches:

- **a)** Implementing in new Sonae stores that are opening as the project develops;
- **b)** Changing current assortment and signalling in the 19 pilot stores;
- **c)** Making space for gondolas in Sonae stores that don't have the project already.

For the first and second approaches to roll-out it is easier since there are already defined spaces. For the latter, the planograms will have to be analysed one by one to reduce space from other categories in order to create gondolas for "Cozinhas do Mundo".

In terms of creating planograms, there are 6 combinations of international food ethnicities (Appendix 35) which enabled to draw pre-defined planograms of international products for the stores that have these combinations. For the ethnic food products, to facilitate building the planograms, different assortment types were built. For example, Assortment A fits two gondolas with 1 meter of length and 2 meters height. So, every store that has the same space, will be attributed Assortment A.

4.8.3. Marketing and Communication Plan

For this project, most of the communication effort will be outsourced. Together with the marketing department, a briefing for the advertising agency was drafted. This briefing included a detailed description of the project and of Sonae's goals and the communication activities that Soane considers relevant and their timing. The activities suggested were:

a) Two "Cozinhas do Mundo" fairs – One for the launch and another during the summer. Both fairs will include a promotional flyer, fair space in-store (entrance or main aisle), PR and store event with influencers and advertising focused on TV and social media;

b) Thematic fairs (Appendix 36) – For ethnic products, with presence in the weekly promotional flyer at national level and for international products, in a separate thematic flyer and offered only in the stores with products of this specific ethnicity. The schedule for these fairs cannot be disclosed but was defined according to important dates for each ethnicity. These fairs are similar to the one's carried out by Lidl (Appendix 22);

c) Participation in Continente's events like "Festival da Comida" and "Feira do Mundial";

d) Book of "Cozinhas do Mundo" – available in store to read and take, with information about all the brands and products and explanation of use to educate the consumer;

e) Recipes in Continente's Magazine with collaboration of well-known chefs like Chef Kiko, mostly for ethnic products, attaching promotional coupons;

f) Presence in foreign publications with distribution in Portugal for the international target;

g) Use of TV and Continente's social networks, like Facebook and Instagram, to post recipes and product launches to create enthusiasm (examples in Appendix 37).

4.8.4. Integration of the online channel: E-commerce

One of the goals of this project is to offer these products both offline and online. However, this step still has no predicted scheduling. Like what is offered for the "Bio e Saudável" section, "Cozinhas do Mundo" would have its customized page within the website (Appendix 38).

5. Work Project Limitations

Throughout the work project there were several limitations to develop a plan for the category. The most pressing one was the lack of data, not only about the market – size, growth, quotas and potential – but also about the category in the retailer – sales and margins – and about consumer behaviour. Moreover, the data that was available were approximations with high margins of error such as the number of immigrants in Portugal and their geographic location, as this information was based in contacts made with the embassies and in Por data and SEF reports which take only into account registered immigrants. Even though the market studies accurately identified the type of products consumed, the data about consumer behaviour is only a hint, especially about the international target, developed using Self Serve, but based on a few number of products and over a short period of time.

The short amount of time for the development of the project was another constraint. The revision of the assortment, search for suppliers for all the products, creation of the suppliers and the products and the designing of the planograms for the roll out to over 250 stores had to be ready in just three months. Since all processes are dependent of one another, the delay in one impacts the other. For example, when drawing the planograms, the entire assortment was considered, even those products which had not been created at the time. When some stores started implementing the category in December, the planograms that were published were different than the ones defined before, since some products were not created yet. Now, as the SKUs are created, these products are opened to supply those stores. This will result in products in-store that have no space considered in the planograms, having to contact each store and inform where the new products should be placed. Moreover, given that the suppliers import the products from other countries, they have very long lead times, sometimes of one month. For this reason, some products that were only created in December will not be available to deliver to stores in January which is the official launch of the project.

6. Recommendations

Bearing in mind the limitations of the project the main recommendation would be, for this project and for future ones, to collect more quantitative data about the market, working with Nielsen in case that this data is not available like for the case of "Cozinhas do Mundo". The most important data would be to assess the potential of the project, namely market size, growth and quotas. Also based on this data define more accurate KPIs, given the ones defined were based on approximations of past growth of a few number of SKUs present in the pilot stores for the past five months. The awareness of the category should also be assessed and considered a KPI, since the goal for this category is to have a destination role, being "top of mind". This was not defined as a KPI because it would be more difficult to assess, implying allocating resources to conduct market research (e.g. questionnaire for recognition and recall). More than collecting information just in the beginning of the project, Sonae should also develop a data base together with Nielsen that allows to track performance of the category, since Nielsen does not consider most of these products in the current data bases provided to Sonae. In addition, working closely with the SelfServe team to put in place metrics to track consumer behaviour and to better understand both targets – ethnic and international. In the case of the international target, it should not be considered as just one target when talking about consumer behaviour given it entails various nationalities. For example, a consumer from Eastern Europe is usually much more price sensitive than a consumer from the UK. With this data from Self Serve, consumer decision trees for both targets should be developed and analysed to learn how the consumer shops the category and use these insights when building the planograms. Furthermore, understand also the importance of promotion and the most effective methods of promotion for each target (promotional flyer, TV, drop mail), especially for the international target.

Regarding time management, it is difficult not to have these constraints, especially when working with tight deadlines. The best way to manage these situations is to have a deadline for each task and trying not to be flexible (e.g. after the deadline, no more products are created). Anticipating these obstacles, having a plan set for each, is also important. For example, as the planograms are created, the products that were supposed to be in the planogram and are not should be identified. Their opening date and the stores for which they will be opened should be determined and mapped. When the SKU is created, the stores should be informed about where it should be placed even before receiving the product.

E-commerce is one of the goals of the project. Nevertheless, this option was only briefly mentioned throughout the implementation. One recommendation would be to give more focus to online and include the category in this channel as soon as possible as the consumer profile, especially for the ethnic target, reveals these are tech-savvy consumers, which are always connected and seeking for convenience. The idea to include it in a separate division on the web site will provide more visibility to this section. In addition, recipes should be included in these division (divided by ethnicity), with direct purchase option for all the needed ingredients.

Lastly, currently the project is focused in Salted and Sweet groceries and Beverages. However, other business units, such as Frozen and Fresh goods and Take-away should be included in the project as soon as possible, since they offer important products for the targets. Many ethnicities consume many fresh goods (e.g. cheese and cold meats for France), frozen foods, especially for the UK (e.g. Crumpets) and China (e.g. dumplings) and take-way of prepared meals which is something all interviewees from the UK revealed to miss (e.g. Pret a Manger in Appendix 39). Given the need for special conditioning of these products they cannot be present in the aisle of "Cozinhas do Mundo", but should have an individual section in these special conditioning areas, with clear signalling of the concept. In addition, in the gondolas of "Cozinhas do Mundo" there should be information about the products that can be found in the other areas of the store.

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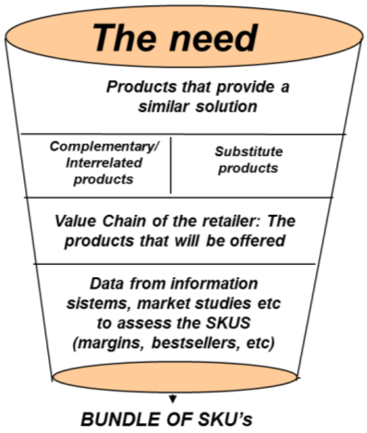
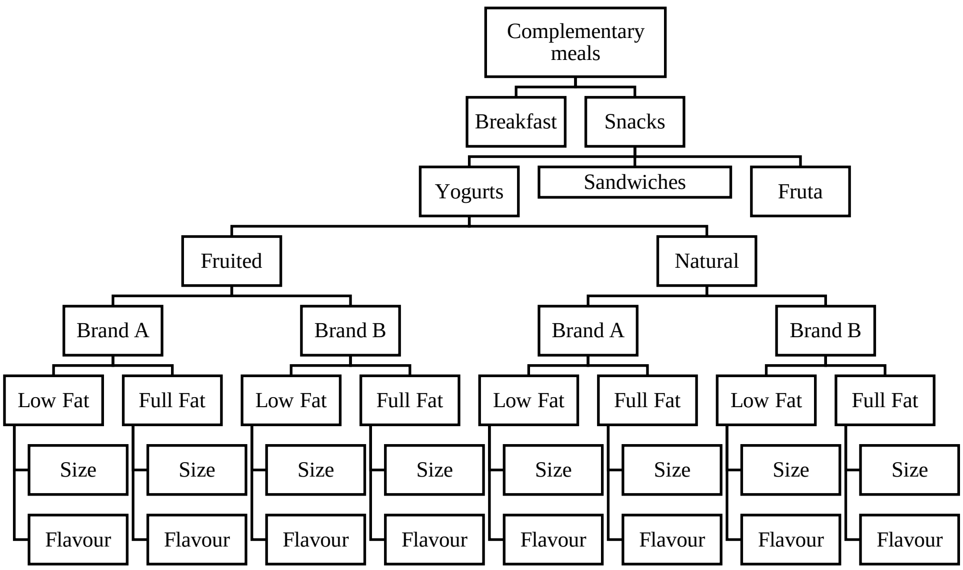
ANNEXES

Appendix 1 - Funnel of Category definition

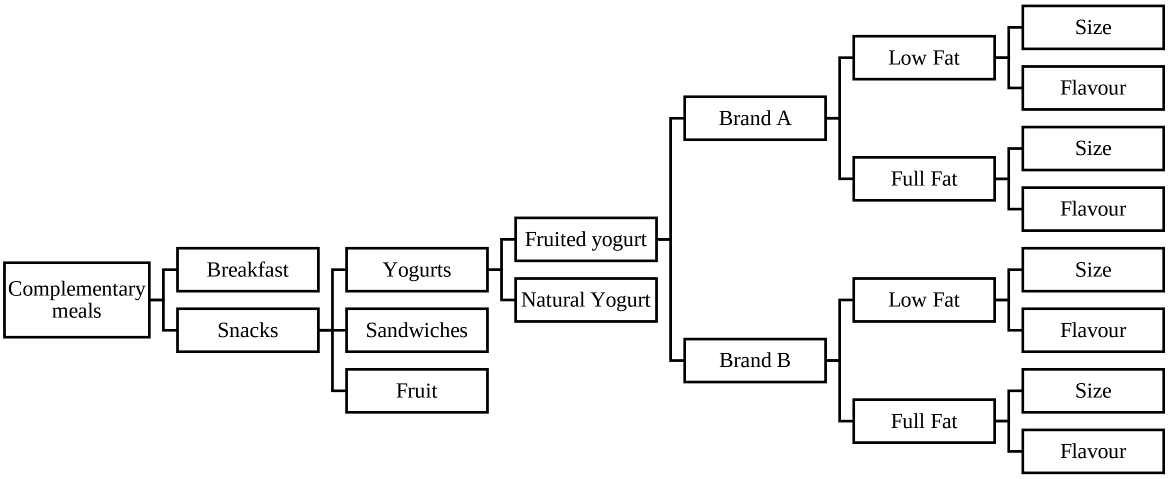


(Lobo 2016, 22-35)

Appendix 2 – Consumer Decision Tree for Yogurt



Appendix 3 – Structure model of yogurt category



Appendix 4 – Qualitative analysis for Category Role definition

	YES	NO
Evaluation – Consumer's side		
Can significant changes in lifestyles impact the sales of the category?		
Is the consumer deeply involved with the category?		
Is the relevance of the category expected to increase in the next years?		
Is there any significant downsides from not purchasing in this category?		
Evaluation – Retailer's side		
Can this category, with a defined role, become source of diferentiation?		
Can this category, with a defined role, help build costumer loyalty?		
Can this category, with a defined role, help boost the retailer's strong attributes?		
Can the primary demand for this category expand rapidly?		
Does this category, with a defined role, support the competitive strategy of the retailer?		
Evaluation – Competition's side		
Has the competition underestimated the importance of this category?		
Has the competition overestimated the importance of this category?		
Evaluation – Supplier's side		
Can the suppliers of this category handle the chosen role for the category?		
Do the suppliers of this category want to handle the chosen role for the category?		
Is there a specific role that can boost in a good way the resources of a given supplier?		

(Lobo 2016, 36-51)

Appendix 5 – Quota/Growth Matrix

Market quota

ASLEEP	CHAMPIONS
- Review the product mix bearing in mind the market; - Attribute more space to the growing items; - Reinforce promotion; - Increase margins	- Keep up the tactical plan; - Reinforce promotion; - Review space allocation in order to reduce the Out of stock (Oos); - Add to the current assortment other products that are performing well and are available in the market.
QUESTIONABLE	**OPPORTUNITY GAP**
- Review assortment bearing in mind the market; - Analyse possibility of increasing price; - Review promotional plan.	- Analyse whether the segment is being allocated enough space; - Analyse possibility of decreasing price; - Analyse possibility of increasing promotion; - Review the product mix – ensure items with highest rotation are included.

Market growth

(Lobo 2016, 52-79)

Appendix 6 – Inventory Rotation Formula

$$Inventory\ Rotation = \frac{Total\ Sales}{Total\ inventory\ at\ the\ retailer}$$

(Lobo 2016, 52-79)

Appendix 7 – GMROI formula

$$GMROI = \frac{Gross\ Margin}{(100 - Gross\ Margin)} * Inventory\ Rotation$$

(Lobo 2016, 52-79)

Appendix 8 – Participation/ Contribution Matrix

Participation in Sales (%)

TRAFFIC GENERATORS - Possibility of Increasing margins; - Deviate sales to subcategories and items with higher margins; - Reduce number of promotion sales if possible; - Increase the margin of promotion sales.	**CHAMPIONS** - Reinforce promotion; - Do product shows/trials; - Reduce the Out of stock (Oos); - Use signalling to highlight subcategories and items; - Improve shelve space; - Facilitate entry of new products.
QUESTIONABLE - Review assortment and eliminate the items with worst performance; - Reduce shelve space and level of stocks; - Review gross margins; - Don't over-promote.	**PROFIT GENERATORS** - Cross-promotion with Traffic generators and Champions; - In the case of products with low price sensitivity, increase the margins; - Improve shelve space.

Gross Margin

(Lobo 2016, 52-79)

Appendix 9 – GMROI decision matrix

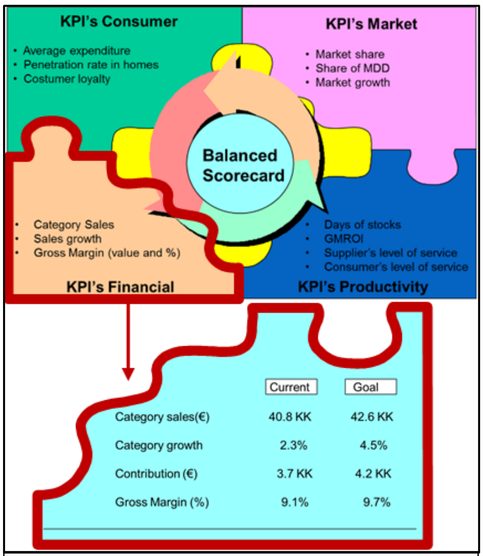
Gross Margin

ASLEPP - Reduce Margins; - Reduce Stock levels; - Review space allocation; - Increase promotion; - Eliminate the "slow-movers" (low stock rotation)	**CHAMPIONS** - Reinforce promotion; - Increase attributed shelve space or attribute better location; - Reduce the Out of stock (Oos).
QUESTIONABLE - Review assortment and eliminate the items with worst performance; - Reduce shelve space and level of stocks; - Review margins;	**TRAFFIC GENERATORS** - Increase Margins; - Reduce stock levels; - Review space allocation; - Increase promotion; - Eliminate the "slow-movers" (low stock rotation).

Stock rotation

(Lobo 2016, 52-79)

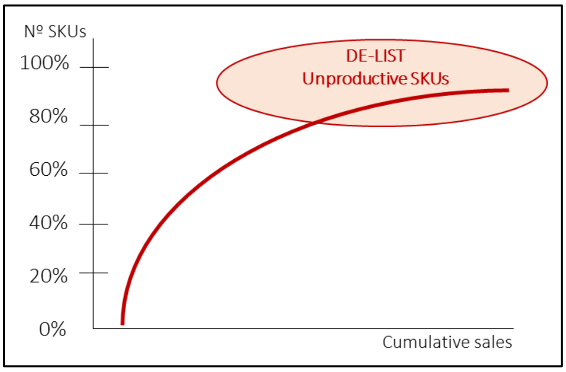
Appendix 10 – Balanced Scorecard



An example of a scorecard with examples of KPI's per criteria

(Lobo 2016, 80-93)

Appendix 11 – Cumulative sales analysis (80:20)

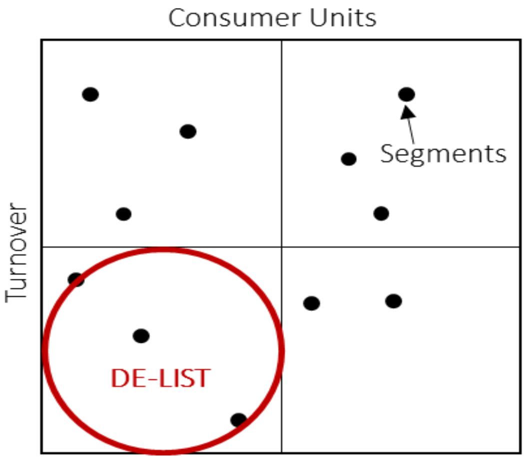


(ECR 2000, 52-65)

Appendix 12 – Contribution for Financial Performance Analysis

		# of items	Sales value contribution	Gross margin contribution
Category	Top 50%			
	Bottom 20%			
Sub-category A	Top 50%			
	Bottom 20%			
Sub-category B	Top 50%			
	Bottom 20%			
...	...	...	...	...

Appendix 13 – Productivity Analysis



(ECR 2000, 52-65)

Appendix 14 – Merchandising Checklist

1	Is the merchandising in line with strategic positioning and global objectives and does it focus on the "right" customer?	
2	Does it meet the needs and expectations of the target consumers/shoppers?	
3	Does it help reflect the category definition and give a fulllclear overview of assortment choices available?	
4	Does it reproduce the different consumer/shopper decision processes and sort mechanisms?	
5	Have categories been co-located in a logical manner to drive sales?	
6	Does it ensure that all category locations are "right" so that shoppers find it easier to shop by need and impulse?	
7	Have multi-purchase opportunities been provided?	
8	Does it achieve the allocated roles?	
9	To what extent does it contribute to achieving the marketing strategies for this category?	
10	Have category signposts been used to trigger shoppers to shop in a category/sub-category?	
11	To what extent have barriers been lifted?	
12	Does merchandising focus on the key message in the store?	
13	Does it create the right ambience/environment associated with the category by the target customer?	

(ECR 2000, 52-65)

Appendix 15 – Table of tactics that fulfil given category roles

ROLE	*Assortment*	*Merchandising*	*Pricing*	*Promotion*
DESTINATION	Dominant variety Segments Brands SKUs	Premium location High traffic High display Occupation: "Wall of value"	Leadership Best value in the entire category	High Frequent Multiple vehicles Customized
ROUTINE/ PREFERENCE	Big variety Segments Main brands Main SKUs	Medium location High display Occupation: "Wall of value"	Competitive-Consistent Matching competition in most of the category	Medium Medium frequency Medium duration Multiple vehicles
SEASONAL	Seasonal variety Sub-categories Segments	Good location High traffic Medium occupation	Competitive-seasonal Close to competitors for parts of the category	Seasonal Multiple vehicles
CONVENIENCE	Selective variety Main brands Main SKUs	Possible location Low occupation	Non-inflammatory Around 15% of the leader	Low

(Lobo 2016, 105-128)

Appendix 16 – Table of tactics that support given category strategies

STRATEGY	*Assortment*	*Merchandising*	*Pricing*	*Promotion*
GENERATION OF TRAFFIC	Increase coverage for homes: high penetration/frequency of purchase	Fixed space and with easy access	Agressive prices in items with high loyalty	Medium for items with high penetration and frequency in homes
PROTECTION OF TERRITORY	All the SKUs with high levels of loyalty	Fixed space with capability of retention	Match or beat competition in selected items	Medium in target products to create "Walls of value"
GENERATION OF TRANSACTIONS	SKUs with high price, multiple uses and that increase the value of the basket	Return space to SKUs with high value transactions, in more visible shelves	Low price in SKUs with dimension. Use multiple pricing (e.g. bigger sizes cost less per kg)	Encourage the purchase of higher quantities and promete big packages
GENERATION OF PROFIT	Increase the number of SKUs with high profit	Give more space to SKUs with higher profits	Increase prices in items with high loyalty.	Non-price promotions focused in the most profitable SKUs
LOYALTY	All the SKUs with high levels of loyalty	Focus in retention capability	Competitive pricing in items with high loyalty	Average in the products with high loyalty and focus in the education of the consumer
CREATION OF ENTHUSIASM	All the SKUs with innovation			Service and education of the consumer

(Lobo 2016, 105-128)

Appendix 17 – Early stages of Implementation.

Involve cross functional teams early in the project;
Where major in-store changes are required, enroll store staff early;
Hold regional meetings to sell in plans;
Jointly write the store briefings (retailer and supplier);
Involve all key personnel in the category plan development until implementation is underway;
Use executive summaries to communicate the findings of the category review and implementation plans;
Obtain sign-off and commitment to implement from senior management;
Ensure senior management are aware of the extent of disruption cost and benefits of the recommended category plans;
Present a summary of the plan to all affected suppliers in the category so that all players understand and are aligned with the strategy;
Develop a reporting mechanism for implementation.

(ECR 2000, 66-69)

Appendix 18 – Calendar with deadline scheduling.

	SEM 1	SEM 2	SEM 3	SEM 4	SEM 5	SEM 6	SEM 7	SEM 8	SEM 9	SEM 10	SEM 11	SEM 12
· Meeting for Calendar planning (6 weeks before 1st meeting)												
Meeting #1 · Definition of the category and its role · Workshop: Evaluation of the Cat · Finish definition and role	✓	✓ (if necessary)										
Meeting #2 · Evaluation of the category			✓									
Meeting #3 · Finish evaluation · Workshop: Category strategies					✓							
Meeting #4 · Finish strategies · Workshop: Assortment/Price						✓						
Meeting #5 · Develop Tactogram Assortment/Price · Workshop: Space and Promotion								✓				
Meeting #6 · Finish Assortment/Price · Develop Tactogram Space/Promotion · Workshop:Supply chain										✓		
Meeting #7 · Finish Space/Promotion · Finish Supply Chain												✓

(Lobo 2016, 129-135)

Appendix 19 – List of stores visited for benchmark

RETAILER STORE	STORE LOCATION
Apolónia Almancil	Algarve
Apolónia Galé	Algarve
Apolónia Lagoa	Algarve
Iceland Albufeira	Algarve
Iceland Portimão	Algarve
Jumbo Allegro	Lisbon
Jumbo Amadora	Lisbon
El Corte Ingles	Lisbon
Mix Market	Lisbon
Glood Telheiras	Lisbon

Appendix 20 – Benchmark Matrix Template

ETHNICITY	PRODUCT	RETAILER	BRAND	SKU	PRODUCT DESCRIPTION	PVP

Appendix 21 – List of 340 product types

PRODUCT TYPES					
ALGAS SECAS	KIT FAJITAS	MOLHO WOK	TEMPERO LIMÃO	FARINHA DE MILHO / FUBA DE MILHO	PEPINO EM CONSERVA
ALGAS SUSHI	KIT NACHOS	MOONCAKE	TEQUILA	FARINHA DE MUSSEQUE	PESTO
APERITIVOS	KIT SUSHI	MOUSSE MANGA	TOFU	FARINHA DE SARRACENO	PICCALILLI OLD ENGLISH
ARROZ BASMATI	KIT TACOS	NACHOS	TORTILHA	FARINHA DE TRIGO PARA KIBE	PIMENT D'ESPELETTE
ARROZ BRAJMA	KIT TEMPURA	NATA COCO	VINAGRE ARROZ	FAROFA DE MANDIOCA PRONTA (FARINHA DE MANDIOCA TEMPERADA	PIPAS (SEMILLAS DE GIRASOL)
ARROZ DE OVO	LADDU	NOODLES	WASABI	FEIJÃO CARIOCA / FEIJÃO ANGOLA	PÓ GUARANÁ
ARROZ JASMIM	LEITE COCO	NOZ MOSCADA	WHISKY	FEIJÃO CONGO VERDE	POLPA CONGELADA DE PITANGA
ARROZ JASMIN	LENTILHAS	ÓLEO AMENDOIM	XAROPE AGAVE	FEIJÃO PEDRA	POLPA DE PEQUI
ARROZ PILAU	LICHIAS	ÓLEO ARROZ	XAROPE GENGIBRE	FEIJÃO PRETO	POLVILHO AZEDO
ARROZ SUSHI	MAIONESE JAPONESA	ÓLEO CHOW	AÇAI	FLOCÃO/CUSCUZ DE MILHO (SÊMOLA FLOCADA)	POLVILHO DOCE
ARROZ THAI	MALAGUETA	ÓLEO DE COCO	ACEITUNAS ALIÑADAS ESTILO ESPAÑOL	FOIS GRAS	PORK CRACKLING
BABY CORN	MANGA	ÓLEO DE SÉSAMO	ACEITUNAS RELLENAS DE ANCHOA Y DE PIMIENTO ROJO	FOLHAS DE MANDIOCA (QUIZACA)	PREPARADO PARA YORKSHIRE
BAMBU	MANTEIGA CHEE	ÓLEO MILHO	ACELORA EM POLPA CONGELADA	GOIABA CONGELADA	PRYANIKI
BARQUITAS	MASSA CHINESA/NOODLES	ÓLEO SÉSAMO	ACHOCOLATADO TODDY	GOIABADA	PUFULETI (GRESSINOS)
BASE TACOS	MELAÇO DE CANA	ÓLEO WOK	ÁGUA DE COCO	GORDURA DE PALMA/AZEITE DE DENDÊ	QUEIJO DE COALHO
BEBIDA VIMTO	MIRIN	OUTRAS PASTAS	ALCACHOFRAS	GRAVIOLA EM POLPA CONGELADA	QUIABO CONGELADO
BLACK VINEGAR	MISTURA DE ESPECIARIAS	OUTROS	AMIDO	GREEN & BLAK'S	RAS EL HANOUT (MISTURA DE ESPECIARIAS)
BOLACHA SESAMO	MISTURA DE VEGETAIS	OUTROS MOLHOS	ARROZ PAELLA	JACA EM CALDA	REQUEIJÃO CREMOSO
BULGUR	MOLHO AGRIDOCE	OUTROS TEMPEROS	AVEIA	KEFIR	ROSQUINHAS DE COCO / LEITE
CARIL PASTA	MOLHO ALHO	PANKO	BAKED BEANS	KIT PAELLA	SALSICHAS
CARIL PÓ	MOLHO BALTI	PÃO CHAPATI	BANHA DE PORCO	LEITE DE COCO	SALSICHAS DE TOULOUSE
CEBOLA FRITA	MOLHO BHUNA	PÃO NAAN	BASE WAFER PARA BOLOS	LEITE EVAPORADO	SARMALE (COUVE FERMENTADA)
CERVEJA	MOLHO BUTTER CHICKEN	PAPARI	BAUNILHA	LEMON CURD	SAZONADOR DE PAELLA Y PIMENTÓN
CHILI COM CARNE	MOLHO CARIL	PAPPADUMS	BISCOITO DE POLVILHO	LENTILHAS	SEMENTES DE GIRASSOL / PIPA (ESCURAS DE PREF)
CHILI PÓ	MOLHO CHILI DOCE	PAPRIKA	CAJÁ EM POLPA CONGELADA	MAIONESE FRANCESA	SÊMOLA DE MILHO / POLENTA
CHUTNEY MANGA	MOLHO CHOP SUEY	PAUZINHOS BAMBU	CAJU EM POLPA CONGELADA	MANDIOCA CONGELADA (EM PEDAÇOS)	SHORTBREAD FINGERS
CHUTNEY MANGA	MOLHO CHOW	PICKLES	CALDO DE CANA / GARAPA	MANDIOCA SECA	SUMO DE GRAVIOLA
CHUTNEY PICANTE	MOLHO DE AMEIXA	PIMENTA	CAMARÕES SECOS	MARMITE	SUMO DE ACEROLA
CHUTNEY RAITA	MOLHO DE ARROZ - COOKING WINE	PITTA	CANJICA - GRÃOS DE MILHO DESCASCADOS (BRANCA, AMARELA)	MARRON GLACÉ	SUMO DE CAJU
COCO RALADO	MOLHO ENCHILADA	POPPODUMS	CAPUAÇÚ EM POLPA CONGELADA	MASSA DE AMÊNDOA	SUMO DE CAPUAÇU
COGUMELO CHINES	MOLHO FAJITAS	PURI	CARNE SECA (CARQUE)	MASSA DE PASTEL	SUMO DE GOIABA
CREME DE COCO	MOLHO FEIJÃO	QUEIJO JALAPENO	CEREAIS WEETABIX	MASSAS COM RECHEIO CONGELADAS	SUMO DE MAMÃO
CREPE CHINÊS	MOLHO GUACAMOLE	QUINOA	CHÁ MATE LEÃO	MILHO DOCE	SUMO DE MARACUJÁ
DUMPLINGS	MOLHO HOISIN	REBENTOS SOJA	CHÁS	MILHO EM GRÃO	SUMO DE PITANGA
ENGUIA FUMADA	MOLHO JALAPENO	REDCAKE	CHOCO ORANGE	MOLHO DE MENTA	SUMO DE ROMÃ
ESPECIARIAS GARAM MASALA	MOLHO JALFREZI	REFEIÇÃO CARIL	CHUCRUTE	MOLHO DE RAIZ-FORTE. HORSERADISH	SUMO DE TOMATE
ESTEIRA BAMBU	MOLHO KEBAB	REFEIÇÃO KEBAB	COCADA DE BAIANA	MOLHO ERVAS	SUMO DE UVA
FALAFEL	MOLHO KORMA	REFEIÇÕES	COGUMELOS CHANTERELLE	MOLHO HP	SUMO/ TEMPERO DE LIMÃO
FARINHA 100% INTEGRAL	MOLHO MADRAS	REFRIED BEANS	COGUMELOS MORELS	MOLHO IOGURTE	TAPIOCA
FARINHA DE ARROZ	MOLHO MADRAS	RICE PAPAD	COGUMELOS PORICINI	MOLHO MIL ILHAS	TEMPERO BAIANO
FARINHA TEMPURA	MOLHO MANGA	SAKE	COMPOTAS	MOLHO TARTARO	TEMPERO DE ALHO
FEIJÃO	MOLHO MANIS	SALAME MEXICANO	CONFIT DE GANSO	MOSTARDA DIJON	TEMPERO PARA COUSOUS - HARISSA
FOLHA DE ARROZ	MOLHO NACHOS	SAZONADOR BURRITOS	CONSERVAS DE PESCADO	MOSTARDA INGLESA	TEMPEROS TIPO CALDOS MAS EM PÓ
FORTUNE COOKIES	MOLHO NATA AZEDA	SAZONADOR CARIL	COUSCOUS INTEGRAL	MOSTARDA ROMENA	THAINI / THAINE / TAÍNE - PASTA DE SESAMO
FRUTA PANADA	MOLHO OSTRA	SAZONADOR FAJITAS	COUSCOUS MARROQUINHO - DE TRIGO	NATAS ÁCIDAS / SMETANA	TOMATE EM CONSERVA
FRUTOS TROPICAIS	MOLHO PICANTE	SAZONADOR GORENG	COUSCOUS PÉROLA	ÓLEO DE GIRASSOL	TORRESMO BRASILEIRO
GELADOS	MOLHO QUEIJO	SAZONADOR GUACAMOLE	COUVE EM PICKLE / ÁCIDA (VARZA MURATA)	OLEO DE PALMA	TRIGO DE CEVADINHA
GENGIBRE	MOLHO ROGAN	SAZONADOR NOODLES	COXINHA (NÃO DEM)	OUTROS MOLHOS ALEMÃES	TRIGO DE SEMOLINA
GRÃO	MOLHO SALSA	SAZONADOR TACOS	CREME DE AMENDOIM	PAÇOCA / PAÇOQUINHA	TRIGO SARRACENO
HÓSTIAS CAMARÃO	MOLHO SATAY	SEMENTES MOSTARDA	CREME DE LEITE	PAINÇO / MILLET	TRIGO TRITURADO
HOSTIAS DE CAMARÃO	MOLHO SHOARMA	SEMENTES SÉSAMO	CRUMPETS	PÃO DE QUEIJO	VEGETAIS / PEIXE EM PICKLES
IDLI	MOLHO SOJA	SOAN PAPDI	DOCE DE MAÇÃ	PASTA CARIL	VEGGIE SNACKS
IOGURTES ETNICOS	MOLHO TACOS	SOPA MISO		PASTA DE RÁBANO PICANTE	VINAGRE DE MALTE
JALAPENOS	MOLHO TERIYAKI	SOPA TOM YAM	ENDRO / ANETO CONGELADO	PASTA PARA SOPA MISO	VINAGRE DE SIDRA ALEMÃO
KARELA	MOLHO THAI	TABOULEH	ERVILHAS FINA	PATATAS FRITAS, CLÁSICAS Y EN ACEITE DE OLIVA	WORCERTERSHIRE / MOLHO INGLÊS
KIT BARQUITAS	MOLHO TIKKA MASALA	TAMARINDO	FARINHA DE GRÃO - GRAM FLOUR	PATÉS DE ACEITUNA	YORKSHIRE PUDDINGS EMBALADOS
KIT BURRITOS	MOLHO WASABI	TANDOORI	FARINHA DE MANDIOCA / FARINHA DE PAU	PEIXE SECO	ZEFIR / SEFIR
KIT ENCHILADA					

Appendix 22 – Flyer Lidl Asian Fairs

Appendix 23 – Immigrant population in Portugal (Summary and full data)

Ethnic Group	Most significant Nationalities	Nationality as a % of Total Emigrants	Reason for interest in Portugal
Brazil	Brazil	20,25%	More favourable political and economic conditions, the close relation with Portugal and the similarity of language (DEM Sonae MC 2017)
PALOPS	Cape Verde	9,21%	
	Angola	4,29%	
	Guinea-Bissau	3,89%	
	São Tomé and Príncipe	2,25%	
	Mozambique	0,72%	
Eastern Europe	Ukraine	8,76%	Better work and living conditions (DEM Sonae MC 2017)
	Romania	7,74%	
	Moldavia	1,56%	
China	China	5,59%	Favourable business conditions for non-EU citizens (Golden Visa) (DEM Sonae MC 2017)
UK	UK	4,93%	Older individuals in their retirement age that seek a safe country, good weather and cheaper living conditions (DEM Sonae MC 2017)
France	France	2,87%	
Spain	Spain	2,83%	

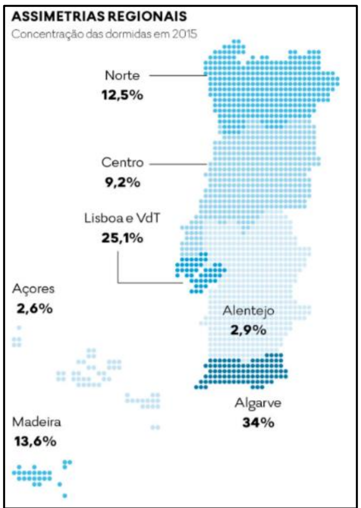
Summary

Years	Total Portuguese Population	% of emigrants in Total population of Portugal	Total emigrants	Most significant Nacionalities						
				Cape Verde	Guinea-Bissau	Mozambique	São Tomé and Príncipe	Brazil	China	India
1990			107 767	28 796	3 986	3 175	2 034	11 413	1 232	x
1991			113 978	29 743	4 770	3 361	2 183	12 678	1 354	x
1992			123 612	31 129	5 804	3 573	2 545	14 007	1 617	x
1993			136 932	32 763	7 899	3 826	2 911	16 168	1 800	x
1994			157 073	36 560	10 828	4 186	3 782	18 612	1 981	x
1995			168 316	38 746	12 291	4 368	4 082	19 901	2 202	x
1996			172 912	39 546	12 639	4 413	4 234	20 082	2 380	x
1997			175 263	39 789	12 785	4 426	4 304	19 990	2 410	x
1998			178 137	40 454	12 995	4 502	4 411	19 769	2 497	x
1999			191 143	43 951	14 217	4 502	4 809	20 851	2 762	x
2000			207 587	47 093	15 941	4 619	5 437	22 202	3 282	x
2001	**10362700**	**2,16%**	223 997	49 845	17 791	4 725	6 304	23 422	3 953	x
2002			238 929	52 223	19 227	4 864	6 968	24 762	4 529	x
2003			249 995	53 434	20 041	4 916	7 279	26 508	4 810	x
2004			263 322	54 788	20 511	4 953	7 828	28 730	5 278	x
2005			274 631	55 608	20 935	5 029	8 198	31 500	5 551	x
2006			332 137	57 369	21 170	5 154	8 874	42 319	8 081	x
2007			401 612	61 110	22 174	5 403	9 736	55 665	9 689	x
2008			⊥ 436 020	⊥ 50 887	⊥ 23 842	⊥ 3 347	⊥ 11 402	⊥ 106 704	⊥ 13 313	⊥ 5 457
2009			451 742	48 417	22 404	3 305	11 142	115 882	14 373	5 734
2010			443 055	43 510	19 304	3 109	10 175	119 195	15 600	5 213
2011	**10557600**	**4,12%**	434 708	43 475	18 131	2 995	10 274	111 295	16 595	5 316
2012			414 610	42 388	17 462	2 901	10 174	105 518	17 186	5 574
2013			398 268	42 011	17 574	2 825	10 169	91 238	18 445	5 983
2014			390 113	40 563	17 728	2 813	10 028	85 288	21 042	6 372
2015			383 759	38 346	16 817	2 787	9 405	80 515	20 815	6 852
2016	**10325500**	**3,81%**	392 969	36 193	15 306	2 823	8 840	79 569	21 953	7 142
	Nacionality as a % of Total Emigrants			**9,21%**	**3,89%**	**0,72%**	**2,25%**	**20,25%**	**5,59%**	**1,82%**

Years	Total Portuguese Population	% of emigrants in Total population of Portugal	Total emigrants	Most significant Nacionalities						
				Spain	France	Moldavia	UK	Romania	Ukraine	Angola
1990			107 767	x	x	//	8 457	28	//	5 306
1991			113 978	x	x	0	8 912	30	0	5 738
1992			123 612	x	x	0	9 264	50	0	6 568
1993			136 932	x	x	0	10 168	81	17	7 929
1994			157 073	x	x	0	10 731	99	37	13 589
1995			168 316	x	x	0	11 486	123	57	15 829
1996			172 912	x	x	0	11 939	135	71	16 282
1997			175 263	x	x	0	12 342	147	83	16 296
1998			178 137	x	x	0	12 696	170	97	16 596
1999			191 143	x	x	3	13 335	224	123	17 721
2000			207 587	x	x	15	14 096	369	163	20 416
2001	10362700	2,16%	223 997	x	x	45	14 953	508	203	22 751
2002			238 929	x	x	97	15 903	615	299	24 782
2003			249 995	x	x	270	16 860	764	525	25 616
2004			263 322	x	x	1 048	17 976	1 219	1 551	26 517
2005			274 631	x	x	1 390	19 005	1 564	2 120	27 533
2006			332 137	x	x	7 459	19 761	5 446	22 846	28 856
2007			401 612	x	x	11 414	23 608	17 200	34 240	30 431
2008			⊥ 436 020	⊥ 7 220	⊥ 4 576	⊥ 21 067	⊥ 15 371	⊥ 26 425	⊥ 52 472	⊥ 27 307
2009			451 742	8 060	4 883	20 726	16 373	32 457	52 253	26 292
2010			443 055	8 918	5 111	15 632	17 196	36 830	49 487	23 233
2011	10557600	4,12%	434 708	9 310	5 293	13 586	17 675	39 312	48 010	21 329
2012			414 610	9 351	5 201	11 503	16 649	35 216	44 050	19 873
2013			398 268	9 541	5 268	9 968	16 471	34 204	41 074	19 967
2014			390 113	9 692	6 541	8 458	16 559	31 505	37 809	19 478
2015			383 759	10 019	8 440	6 945	17 230	30 523	35 702	18 088
2016	10325500	3,81%	392 969	11 133	11 293	6 113	19 384	30 429	34 428	16 876
Nacionality as a % of Total Emigrants				2,83%	2,87%	1,56%	4,93%	7,74%	8,76%	4,29%

(Por Data 2016)

Appendix 24 – Tourism per region (%)



Tourism per region (%)

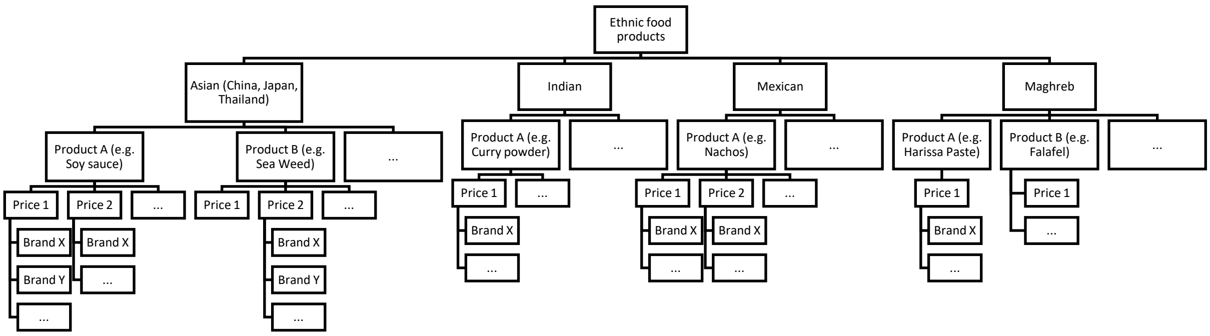
(Expresso 2017)

Appendix 25 – Number of tourists per country of origin

COUNTRY	# IMIGRANTS	As a % of Total tourists	COUNTRY	# IMIGRANTS	As a % of Total tourists	COUNTRY	# IMIGRANTS	As a % of Total tourists
Portugal	8691	40,89%	**Other Asia**	378	1,78%	**Sweden**	163	0,77%
UK	1999	9,41%	**Other EU**	369	1,74%	**Other America**	147	0,69%
Spain	1821	8,57%	**Ireland**	303	1,43%	**Australia**	128	0,60%
France	1503	7,07%	**Belgium**	302	1,42%	**Denmark**	127	0,60%
Germany	1368	6,44%	**Switzerland**	265	1,25%	**Austria**	120	0,56%
Brazil	683	3,21%	**Poland**	223	1,05%	**Japan**	116	0,55%
Netherlands	602	2,83%	**Canada**	216	1,02%	**Russia**	103	0,48%
USA	564	2,65%	**China**	194	0,91%	**Other Africa**	90	0,42%
Italy	537	2,53%	**Other Europe**	171	0,80%	**Angola**	69	0,32%

(INE 2017)

Appendix 26 – "Cozinhas do Mundo" Consumer Decision Tree



Appendix 27 – "Os 7 magníficos"

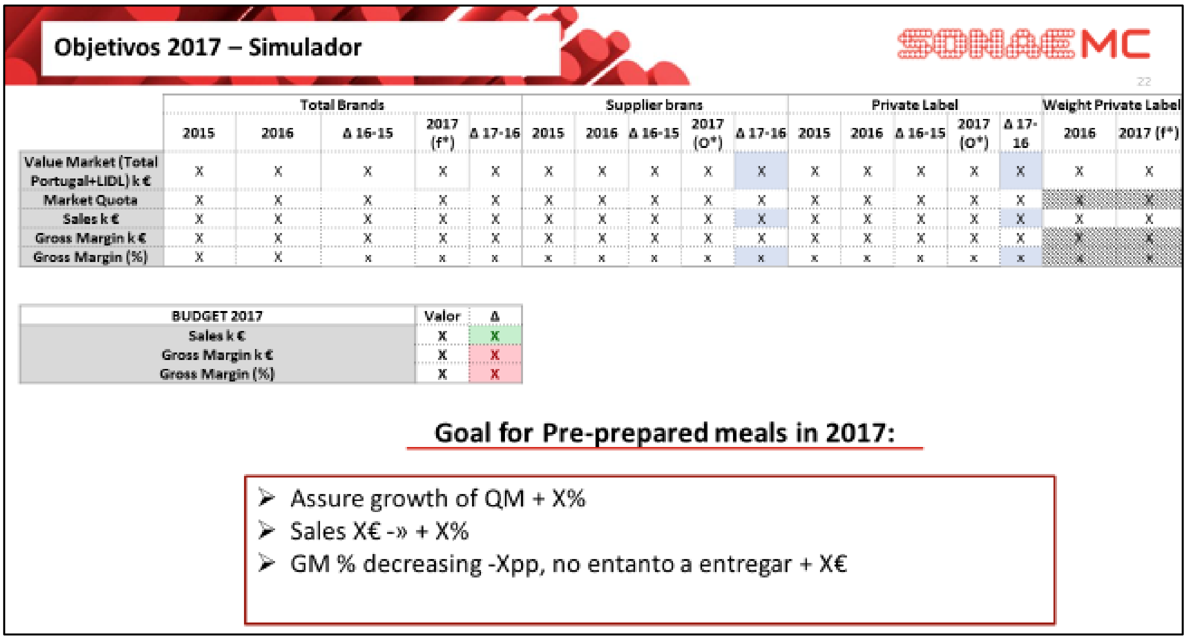
Appendix 28 – Sales growth of pilot stores (Jul-Nov)

SALES GROWTH 2016-2017 (%)	28,76%
WEIGHT IN SALTED+SWEET+BEVERAGES GROCERY 2016	1,31%
WEIGHT IN SALTED+SWEET+BEVERAGES GROCERY 2017	1,59%
WEIGHT IN SALTED GROCERY 2016	4,42%
WEIGHT IN SALTED GROCERY 2017	5,41%

Appendix 29 – Sonae's market quota (Pataks and Old el Paso)

OLD EL PASO	
SONAE'S MARKER QUOTA 2016	33,92%
SONAE'S MARKER QUOTA 2017	39,06%
PATAKS	
SONAE'S MARKER QUOTA 2016	26,22%
SONAE'S MARKER QUOTA 2017	28,45%
AVERAGE	
AVERAGE MKT SHARE SONAE 2016	30,07%
AVERAGE MKT SHARE SONAE 2017	33,75%

Appendix 30 – Typical Sonae's Balanced Scorecard



Appendix 31 – Strategies for the category

Strategy	Products/consumers/brands involved
Increase traffic	New international consumers looking for a one-stop shop and new consumers that want to find ethnic food products.
Increase transaction value	Ethnic products will increase transaction value since they are expensive products; International products will increase mostly transaction volume, and therefore overall value, because they will be added to current baskets.
Create enthusiasm	Mostly for ethnic food products since they are a trend in the Portuguese retail market. Also for international consumers that now find the products of their home country in their regular retailer.
Reinforce retailer's image	All ethnic and international products.

Appendix 34 – Missing SKUs Matrix

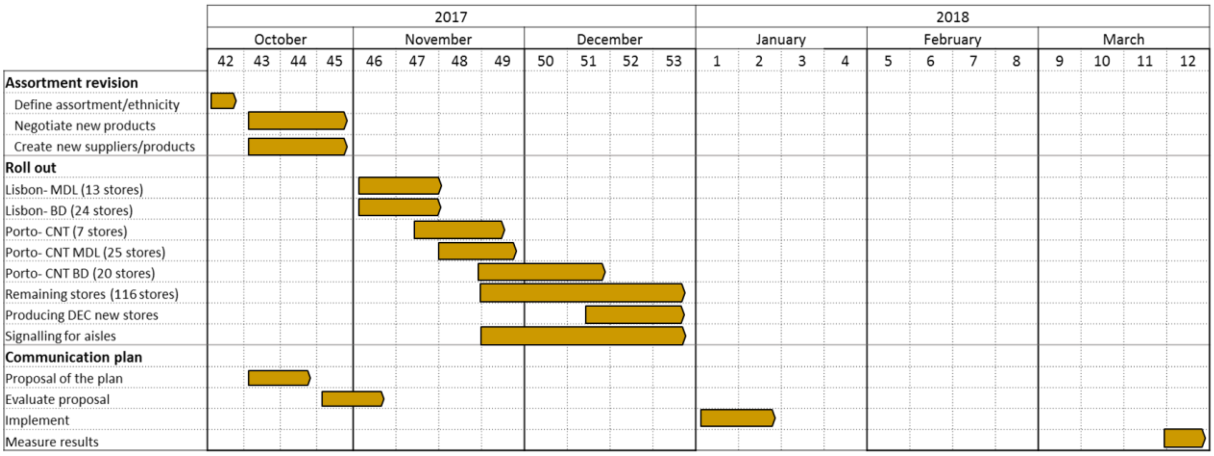
		SONAE			
		YES		**NO**	
MARKET	**YES**	51 Asia 26 Mexico 25 India 8 Magreb 14 Brazil 4 Palops	8 Eastern Europe 16 England 8 France 1 Germany 0 Spain	33 Asia 12 Mexico 35 India 1 Magreb 12 Brazil 3 Palops	8 Eastern Europe 10 England 2 France 0 Germany 5 Spain
	NO	0 Asia 0 Mexico 0 India 0 Magreb 4 Brazil 1 Palops	1 Eastern Europe 0 England 0 France 0 Germany 0 Spain	0 Asia 0 Mexico 0 India 0 Magreb 25 Brazil 7 Palops	6 Eastern Europe 5 England 6 France 1 Germany 4 Spain

Appendix 33 – Current implementation of "Cozinhas do Mundo" with signaling

Store: Continente Vasco da Gama

Store: Continente Oeiras

Appendix 34 – Schedule of implementation Plan



Appendix 35 – Combinations of ethnicities per store

Present ethnicities	Number of Stores
Eastern Europe + Brazil + All Ethnic	2
Eastern Europe + Brazil + PALOPS + All Ethnic	48
PALOP + Brazil + All Ethnic	16
No international Food + All Ethnic	155
All ethnicities (international and ethnic)	30
UK + Eastern Europe + All Ethnic	2
Grand Total of stores with "Cozinhas do Mundo"	**253**

Cannot disclose which stores for confidentiality reasons.

Appendix 38 – Example ethnic food fair flyer

Appendix 37 – Examples of social media interactions of competitors

Appendix 38 – E-commerce section for "Cozinhas do Mundo"

Appendix 39 – Take-away in the UK: Pret a Manger