

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

Improving Convenience at Continente

SUSANA MELO MATA, 596

A Project carried out on the Marketing Field Lab – Communication Agency,

under the supervision of:

Professor Luísa Agante

June 2012

Improving Convenience at Continente

Abstract

The purpose of this work project is to develop a communication strategy for Continente in order to reinforce its market leadership, mainly *vis a vis* Pingo Doce. From a survey conducted with a sample of 382 respondents, I perceived that shopping for food is associated with negative feelings like boredom, messiness and time consumption. The proposed strategy, tested with another quantitative survey on a sample of 120 respondents, aims to address these aspects and simultaneously increase convenience at Continente's stores, delivering several solutions to target different consumer segments.

Keywords: Communication Strategy, Continente, Convenience

Acknowledgements

I am truly and deeply grateful to all of those that helped me at this stage of my university studies. Completing this project would have been much more difficult without the help of many persons.

First, I want to express my gratitude to my supervisor, Luísa Agante, whose feedback, understanding and patience was precious for my graduate experience. Her support and flexibility in accommodating my internship with my work project was particularly important and I am really thankful for that.

There are two groups of people I would also like to thank, albeit without naming each one. The first are all of those people that answered my questionnaires. Without them this project would be much poorer. The second are my colleagues at Nova from whom I learnt a lot and with whom I spent very enjoyable moments. Thanks to every single one of you.

Thanks to my best friend Mariana for all the weekends we spent together writing our theses and supporting each other in the most difficult moments.

To Sofia I would like to thank her for making me feel awesome and for pushing me up in those moments when I was more upset and for making me believe I was able to overcome all my difficulties.

A special thank goes to my mother for always supporting me and for being so patient. Thanks for taking care of me every single day of my life.

Thanks to a very special person, Zé, with whom I spent most of the time during which this work project was prepared. Thank you for all your support and for so

generously accepting to share our time together with this work project and the other work assignments I was involved in.

Finally I want to express my deepest thanks to my father for having helped me to nurture my ideas and to see the light at the end of the tunnel. I owe him a great deal of the person that I am today.

Table of Contents

1. Introduction	1
2. Situation Analysis.....	2
2.1 Category	2
2.2 Brand	4
2.3 Prosumer	5
3. Problem Definition	8
4. Strategy	9
4.1 Improving the user friendliness of the online platform (e-commerce)	10
4.2 Developing a new platform for m-commerce.....	14
4.3 Deliveries.....	15
4.4 Other tools to reduce time in the supermarket.....	17
4.5 Other formats	19
4.6 Summary of the recommendations	20
4.7 Validity of the recommendations	20
5. Conclusions	23
6. References	24

1. Introduction

The purpose of this project is to develop a communication strategy for Continente: a brand owned by SONAE MC, the food retail business unit of SONAE¹. The project was commissioned by Fuel, a communication agency owned by the Euro RSCG group, in the context of a master thesis developed at Nova School of Business and Economics.

The goal of the communication strategy is to reinforce Continente's market leadership, mainly *vis a vis* Pingo Doce, based on four relevant trends: cocooning², resistance to temptation, food loving and savings.

My recommendations are based on a situation analysis built around the CBI model³. This research used both secondary and primary data, which were collected through two quantitative surveys (one for diagnosis and another for testing the recommendations), administered to snowball samples. Convenience, price and diversity are considered to be the main determinants of consumers' choice of a food retail store. Our diagnosis survey indicated that Pingo Doce scores better than Continente relative to price and convenience. The price issue has been addressed by Continente through different campaigns and promotions. Since convenience is the dimension area in which Continente has invested less, this is the item where Continente has greatest room for improvement. Therefore, the suggestions given throughout this work project will focus on how to improve convenience at Continente, the concept behind the communication strategy, instead of the communication strategy itself.

¹ See complete group organization in Appendix 1. Although the text is self contained and can be read without further reference, further details on different issues are available from the Appendices indicated throughout the text, and available in Booklet 2.

² Cocooning is a trend that reflects that more time is spent at home.

³ The situation analysis is built around the Creative Business Idea (CBI) model developed by the Euro RSCG group, which includes the analysis of the category, brand and prosumer (the consumer which sets the category trends) (See Appendix 2 for a brief presentation of the CBI model).

2. Situation Analysis

2.1 Category

Continente's main activity is in the food retail market (SONAE 2011 a).⁴ The market grew slowly in the last few years (real compounded annual growth rate of 0.9% between 2005 and 2011) and contracted significantly in the last months of 2011. The lowest figure was registered in December 2011, with -6.5% year on year real growth rate (INE 2011 a).

The food retail market is moderately concentrated (Herfindahl Index of 0.14 and C_2 of 44.3%). During the last years concentration has increased due to the growing importance of Shopping Centers, Hypermarkets and Supermarkets and to the mergers and acquisitions that this industry has been exposed to (Ferreira et al. 2011)⁵. It is, however, still less concentrated than in other European countries (Roland Berger, 2009).

Continente is the market leader with a share of 25.4% on S1-2011, followed by Pingo Doce (18.9%), and these were the only two players whose market share grew from 2010 to 2011 (1.2% and 0.8% respectively) (ANIL 2012) (Appendix 3).

Over the last years, the way players do business has changed and all of them have innovated to some extent. The most significant changes were implemented by Pingo Doce, in particular with its repositioning in 2002, when they upgraded its private label and the quality of its fresh products and, above all, abandoned its traditional focus on the premium segment and started focusing its business on everyday low prices. This contributed largely to increase differentiation *vis a vis* its competitors, that rely on promotions either through cards or paper coupons. Pingo Doce opened a large number

⁴ Continente and other supermarkets also sell non food items (for example personal care and home care products). However, all of them have their core business in food retail and therefore this will be the focus of our analysis.

⁵ For further details see DN 2007 (23), Aguilar 2007 (24), Gonçalves 2007 (25), SONAE 2011 b (13).

of new stores and invested on massive communication campaigns with very catchy messages (Ferreira et al. 2011). The strategy seems to have been successful and, according to Marktest (2012 a), Pingo Doce was the most recalled brand by the Portuguese Population in 2011. Pingo Doce ranked also higher than Continente in terms of Satisfaction and Recommendation, although Continente ranked first in terms of the Reputation Index⁶ (HiperSuper 2011 a) (Appendix 4). On April 2012, Pingo Doce launched, for the first time in 10 years, a set of promotions shifting its positioning from every-day-low-prices to promotions. This new positioning was very clear on the 1st May 2012. On that day Pingo Doce stores were loaded with thousands of avid consumers willing to grab their share of the 50% discount carried by Pingo Doce. This promotion had no advertising and the message spread only through word of mouth.

In the food retail category (HiperSuper 2012 a), consumers shop more often and spend less money each time they visit a store. People have less time to plan their shopping, and believe that by buying smaller amounts can decrease food waste and thus spend less money. Some shoppers are reluctant to pay the extra cost of having their groceries delivered at home and prefer to visit the closest shops to buy whatever they need. Furthermore, customers are trying to avoid consuming too much and see big purchases as consumerism (Fuel 2012). These trends benefit players who operate large chains (since economies of scale allow them to offer lower prices) and those which have stores located close to consumers (since they offer convenience).

It is not, however, guaranteed that a close location to consumers will be as important in the futures as it is today. On the one hand, traditional electronic commerce (e-commerce), already developed in Portugal through online platforms of retailers like

⁶ The reputation Index ranks brands according to a summary measure that takes into account confidence, image, recommendation and satisfaction.

Continente Online or Jumbo Online, will probably increase its importance, along with what seems to be the trend in Europe (HiperSuper, Tendências 2012). On the other hand, while still incipient in Portugal, mobile commerce (m-commerce) is expected to increase in the next years. M-commerce is becoming more and more popular worldwide and will be responsible for a sales figure in excess of 88 billion in 2015 (HiperSuper 2011 b).

Another change in consumer's preferences is the increasing preference for local products ("made in Portugal") and most players have already signed agreements with local producers. Last but not least, Distributor Own Brands (DOB) are expected to remain popular even in a post crisis period (HiperSuper 2012 b). Over time, retailers have made substantial efforts in developing these brands and in adapting them to consumers' needs. There is now a wide variety of such products which, combined with an increased value proposition (combination of lower prices with high quality), seems to stand as the key success factors of DOBs (HiperSuper 2012 c) (Appendix 5).

2.2 Brand

Continente is a brand owned by SONAE MC, that started its business with the opening of the first hypermarket in Portugal in 1985 (SONAE 2011 a). In 2011 Continente merged with Modelo creating a single brand and Continente started to operate not only hypermarkets but also supermarkets⁷ (SONAE 2011 b).

Continente's mission is to be "close to its clients, offering them constant innovation, the best service and products at the best prices, providing an extraordinary buying

⁷ Currently there are 178 stores divided between 3 types of Continente: the supermarkets Continente Modelo (previously Modelo) with 111 stores and Continete Bom Dia (previously Modelo Bonjour) with 26 stores, and the hypermarket Continente, which retained its original name with 41 stores.

experience and an ethical and sustainable practice, being the leading brand in food retailing in Portugal” (Marketeer 2011).

Continente is constantly innovating by offering new products, including new private labels (also called DOBs), a wide range of services, and a huge variety of promotions, including some developed in partnership with other organizations (e.g. Rock in Rio, Galp). It operates many different shop formats including an online website – Continente Online (see www.continente.pt) (Appendix 6).

In 2011, Continente was the brand that invested the most in advertising in Portugal, but Pingo Doce was the most recalled brand⁸ (Marktest 2012 b) (Appendix 4).

2.3 Prosumer

The prosumer analysis presented below is based on a quantitative research (structured questionnaire) which was jointly developed with three colleagues and administered to a snowball sample of 382 respondents. The data analysis was performed on my own, using the SPSS statistical software program. In the discussion below, only those relationships that are statistically significant will be mentioned (Appendices 8 and 9). Nevertheless, because the questionnaire has been applied to a convenience sample, it is non-representative of the Portuguese population, being biased towards people that are more educated and have higher incomes than the population.

Since Pingo Doce was initially defined by Fuel as the main and most dynamic competitor of Continente, this analysis will focus on the comparison between Continente and Pingo Doce. In addition, these were the only two brands that received a sizeable number of responses in the questionnaires, reflecting the fact that these two brands are indeed the largest in the market. In our sample, clients of Continente are

⁸ Continente’s share of voice is 4.1% of the total advertising market and 12% of the 20 largest advertisers

more educated, have higher incomes than those of Pingo Doce, and Continente has a disproportionate share of clients residing in the Oporto area. All other demographic characteristics for which we collected information in our survey do not exhibit statistically significant differences.

Continente emerged in our survey as the Food Retail Store (hereafter FRS)⁹ which ranks first with respect to the store where most of the consumer's budget is spent (40.5% versus 35.8% for Pingo Doce)¹⁰. However, Pingo Doce is the most preferred FRS for 38.6% of the respondents (Continente follows with 37.5% for all Continente's formats). This is consistent with Continente being the market leader and with the different shopping habits of clients of Continente and Pingo Doce: clients of Continente buy less frequently, but spend larger amounts in each store visit than clients of Pingo Doce.¹¹

Being a client of one brand does not mean that the customer does not shop at the competitors' stores. Indeed, 83% of Continente's clients also visit Pingo Doce's stores, and 73% of Pingo Doce's clients also visit Continente's stores. However, clients of Continente go to Pingo Doce more often (once per week, fortnightly) than clients of Pingo Doce go to Continente (once per month).

The feelings that respondents associate the most with the shopping act are: necessity (87.1%), spending money (55.0%), boredom (26.6%), messiness (25.0%) and time consumption (22.4%). Responses from Continente's clients on this matter are not statistically different from other brands. Research by Roland Berger (2009) indicates that customers choose where they buy on three main criteria: price, diversity and

⁹ We used FRS as a general term that designates all store formats.

¹⁰ Hereafter we will use the expression "clients of brand A" for "consumers that spend most of their budget in stores of brand A".

¹¹ Continente Modelo's & Continente Bom Dia's clients are in between: they shop more often than clients of Continente, but less often than clients of Pingo Doce.

convenience (convenience being a combination of proximity to workplace/ home and extended opening hours. Of course, choices are made on perceptions, and different perceptions may be associated with different shopping decisions. Our questionnaire indicates that both Continente's and Pingo Doce's clients perceive the store where they spent most of their budget as being better than its main competitor in terms of price, convenience and satisfaction. However, this does not hold for diversity; both Continente's and Pingo Doce's clients identify Continente as the one with better diversity (0.95 vs 0.23, respectively, in a scale that varies between -1 and 1).

Our survey indicates that when comparing Continente with other FRS, Continente is perceived to be better in all dimensions, except in "the time spent at the shop" (-0.16) and in "convenience" (-0.01: this last score not being, however, statistically different from zero). To a large extent, the negative scores can be explained by the fact that customers from other brands scored Continente much lower in these items than Continente's clients.

Continente was the top of mind recall brand of our survey with 49.3% followed by Pingo Doce with 30.8%. People remember more advertising of Continente in Television (92.4%) and flyers (45.6%), with flyers being particularly mentioned by clients of Continente. The adds that were most recalled (i.e., remembered when no options are given to respondents) were EDP (the running campaign at the time the survey was conducted) with 25.6% and Cartão Continente, with a much lower recall proportion of 15.1%. Ads recognition (awareness of the add after being shown) was much higher, with Popota being recognized by 71.7% and Leopoldina by 70.9%.

Continente is generally seen as a brand that is gaining ground relative to competitors. The exception is Pingo Doce, which is perceived to be gaining ground relative to

Continente. On the other hand, Continente was elected for the 10th consecutive year one of the most trustful brand in Portugal (Seleções Reader's Digest 2012). These two findings are important, since the CBI model postulates a positive relationship between future purchase intent and both future potential and past performance (trust). The analysis above indicates that Continente has high future purchase intent, although it has to pay special attention to Pingo Doce.

Finally, we asked Continente's clients to report on the services they use: the most popular service is Continente's fidelity card, used by 96.1% and the least popular is Continente Online used only by 13.6%.

3. Problem Definition

In our situation analysis we identified that consumers perceive shopping for food generally as an unpleasant experience. Our survey indicates that Continente is also perceived as having lower proximity and requiring a higher time spent in the supermarket¹² than its competitors, and in particular as being less convenient than Pingo Doce¹³.

Convenience can be seen as depending on **total time spent in shopping** and on the **value of the time spent**¹⁴ (Roland Berger 2009). Total time spent in shopping includes activities other than the actual visit to the store. It includes i) time preparing the shopping act (thinking about what to buy), ii) time spent travelling to the store, iii) time

¹² While these two items are not the sole components of convenience, they are statistically related to convenience. Customers who find Continente to be less convenient also score Continente worse regarding proximity and time spent in the store.

¹³ Nevertheless, perceptions are different: Continente's clients find Continente more convenient and Pingo Doce's clients find Pingo Doce more convenient.

¹⁴ For example, time spent while commuting to work (which would otherwise be wasted) or time spent at home during leisure hours, is generally less valuable than the time spent in a visit to the store done in the middle of the day. Extensive working hours increase convenience because customers are able to visit stores at times which are worth less to them.

actually spent in the store selecting the goods to be purchased, iv) time spent at the store checkout, and v) time spent at home preparing the goods to be stored.

Continente is already taking actions that are designed to increase proximity, by expanding the number of stores at locations that are closer to consumers. This seems to be a good idea, but there may also be other means to improve convenience. This will be the focus of the recommendations that will be made in the next section.

Our focus on Convenience should not make us neglect that Price and Diversity are also important for the buying decision. Continente scores very well with respect to Diversity in comparison with competitors but less well regarding Price.

4. Strategy

Based on the problem diagnosis, the strategy presented in this section aims to increase convenience of shopping, by reducing the magnitude of valuable time that is spent in shopping. The strategy is designed to avoid direct confrontation with competitors and, consequently, it does not attempt to increase convenience by imitating the competitors' decisions that proved to be most successful. Instead, the strategy attempts to create convenience by means other than physical location close to the consumer, which allows convenience to be created without sacrificing variety.

Nevertheless, one must acknowledge that consumers are heterogeneous and different consumers weigh these matters differently. Therefore, rather than a "one size fits all" strategy, different alternatives will be proposed throughout this section in order to target different market segments. While this is important in general, it may be critical in current times, as people are more and more concerned with economizing and avoiding waste.

Recommendations made in this report result from the analysis of the responses of the diagnosis survey that was previously discussed, and from informal conversations with seven consumers. The recommendations were subsequently tested with a quantitative survey with 120 responses.

4.1 Improving the user friendliness of the online platform (e-commerce)

Continente Online is the electronic shopping platform of Continente. Although it exists since 2001, only 13.6% of clients of Continente in our sample use it. There are several reasons for not using Continente Online that were mentioned in the questionnaires and in some conversations I had with consumers: unawareness of the service or the different delivery options, considering that the website is not user friendly, unwillingness to pay for delivery, unwillingness to wait for delivery, preferring to do their shopping rather frequently, and preferring to see the products before buying them. In the current section, there are several suggestions on how to improve the user friendliness of the website. The following sections address other criticisms.



Figure 1 - Current online platform

Shopping lists - The online platform allows one to search for the different products available and place them in a shopping basket before proceeding to the checkout. To facilitate the process, customers can use two pre-defined shopping lists “Última Compra” (Last Shopping) and “Os Meus Favoritos” (My Favourites) and create other

lists, at the customer's discretion. While having these tools is a good idea, implementation falls short of the idea. It is not clear if one is using one of the shopping lists, the basket or searching for new products.

First, although the shopping basket is always visible and in the same area of the page, it is not clear if products refer to the basket or to the lists. Second, it is not possible to see simultaneously the shopping list and the products the customer is looking for. It is, therefore, difficult to understand whether the customer is in his shopping list or searching for products. Moving products from lists to the shopping basket and vice versa is difficult. If consumers find a product that they want to place on a list that is different from the one that is active at that time, the mere fact of changing the active list leads to the loss of the product requiring a new search to recover the product¹⁵. All of this creates the feeling that online shopping takes much longer than necessary and that the site wastes customers' time.

My proposal is that three different sections should be shown simultaneously: one for the basket (with a basket image), another in which more than one shopping lists would be active (shopping list image) and where shopping lists could be managed, and another one for searching for products. Adding products from the basket to the shopping lists and vice-versa should be done in an easy and transparent way, which is not currently the case.

¹⁵ This also happens when a consumer starts searching for a product before having logging in. After log in, a new page appears, and the product is lost again.



Figure 2 – Proposed online platform

Navigating the site – Navigating around the site is not always easy, as products' organization is sometimes unclear. While it may be a good idea that milk appears both in the dairy products and in the grocery products areas, it is less acceptable that the heading "*refrigerated and frozen products*" in the Gourmet area includes both wines and pasta, and that pasta is also included in the "*Grocery and Bakery products*" in the Gourmet area. On the other hand, in the physical stores Continente Gourmet and Área Viva are specific and separate spaces. Similarly, in the online site these areas could also be shown as specific categories. Taking the example of the Gourmet category, this would appeal for those customers that would like to search for gourmet goods without necessarily restricting the search to groceries and beverages.

Searching tools – Searching could also be made friendlier, thereby reducing time spent in Continente Online. For example, Jumbo Online allows customers to simultaneously use three different filters (category, brands and prices). After using a first filter, a second and a third filter can be cumulatively selected which, in the opinion of customers I discussed this with, allows a more organized search strategy.¹⁶

¹⁶ For instance a consumer could search for drinks, and within drinks search for Auchan brands, and within Auchan brands, search those that costs less than 2€.

When performing a search with more than one keyword (e.g. Bolachas Continente) the website does not distinguish between results that include both words and those that include one or the other. If no products are found that includes both words, a warning message like “no products were found with these two keywords; there are, however, some results that relate to one of the words” should be displayed.

Often consumers are familiar with one brand in one specific category and are interested in seeing all the products of that category, but do not know where in the website they should look at. For example, from a search on “*Vileda aluminum foil*” it should be possible for customers to go directly to the category to allow for faster comparison of alternatives within that specific category. Selecting “*Papel de Alumínio Freshmate 25 mt Vileda*” one is indeed referred to the category “*Casa » Películas e Folhas de Alumínio*”, but no such category is available under the heading “*Casa*”.

Buying suggestions – It is not clear that the site offers suggestions, other than those in one specific list. Making suggestions depending on what the customer has bought in the past or has just included in the shopping basket, in the way online booksellers (e.g. Amazon) usually do might be a good idea.

More description about products – When shopping Online, it is important to have detailed information about the product, since consumers cannot touch or see the product. Specifically, for multi-dose products it is crucial to provide information about the number of doses and the average price of each dose, which currently does not happen (this is very important, for example, if consumers want to compare the price of a powder detergent with a liquid detergent).

Page download is slow – Continente website is much slower than Jumbo Online. While I have no specific suggestions on how to improve speed of the website, improving this aspect seems to be critical for customers' satisfaction.

4.2 Developing a new platform for m-commerce

One of the trends identified in the situation analysis was the increasing importance of m-commerce. M-commerce consists on using a smart phone to shop very much in the same way as one does over the internet. The most significant advantage of m-commerce over e-commerce is that it allows shopping to be done anytime and anywhere, for example when customers are commuting from home to the job and vice-versa. This is a significant advantage because it allows customers not only to save on travelling time to the store, but also to use time for their shopping that would be otherwise wasted. M-commerce should also allow customers to start and interrupt the elaboration of their shopping lists as many times as they want and to add items to the list whenever they see fit.

In addition, m-commerce allows more innovative ways of doing shopping. For example, the South Korean branch of Tesco, one of the world largest food retail chains, developed a system in which the walls of the platforms of the Seoul's subway stations



Figure 3 - Metro station at Seoul: customer buying groceries with a smart phone.

mimic the appearance of the shelves of a real supermarket. Using a smart phone equipped with a quick response code scanner, customers can do their shopping while they wait for the subway, thus minimizing valuable time spent in shopping.

4.3 Deliveries

Counter and car delivery – In the 15 Continentes for which Continente Online is available, customers can currently opt for having their groceries delivered at the supermarket counter for a fee (information taken from the Continente Customer Support).¹⁷ This enables customers to save on delivery costs, while allowing them to benefit from the convenience of shopping online. Implementation is still less than



Figure 4 – Online Drive

perfect; when shopping online, these options do not appear when one proceeds to the checkout. Moreover, if the costs associated are not prohibitively high, I believe Continente would benefit from extending the car and counter delivery concepts to other hypermarkets¹⁸. The target of these services are those people that are unwilling to pay for home delivery, but are willing to pay a lower

value to collect their shopping at the store.

Home delivery – Charges for home deliveries vary according to the scheduled delivery's hour and to required delivery time window. Customers who have stricter time requirements pay for the privilege of having their groceries delivered within a narrower time window. Those who have greater time flexibility receive lower delivery rates,



Figure 5 – Continente online delivery

while those that insist on having their groceries delivered at peak times pay the corresponding surcharge.

¹⁷ In Colombo store, customers can also opt for their groceries delivered at a particular point in the parking lot.

¹⁸ Continente has 41 hypermarkets but only 15 of them are linked with Continente Online and therefore the car and counter delivery just exist on those shops. Delivery at home can embrace higher areas, depending if it is considered on the specific hypermarket area. For instance, Braga can enjoy this service from Guimarães's hypermarket.

Although this system seems effective in managing peak and off-peak hours, a simple addition to the service could create value, at least for some clients. A phone call made by the delivery truck driver a few minutes before the delivery is expected to arrive at the delivery point would give customers the freedom to leave home for short absences, knowing that they can return in time to accept the delivery. The target of this service would be those people that chose the widest windows because they can be at home during the whole day or, in general, all of those that have the flexibility to go home on short notice.

For consumers that cannot go home on such a short notice and that are not willing to pay the high rates Continente charges for late deliveries, Continente might perhaps find a means to deliver the products in the work place in refrigerated boxes or bags.¹⁹ This solution is not as convenient as late delivery at home, but might allow people to receive products at a lower price.²⁰

When delivering at home, Jumbo usually includes products that were not specifically ordered by the customer as a gift. This is something that customers I talked with seemed to value and which can also be adopted by Continente without incurring high costs, if the extra goods included are goods whose expiry date is approaching – or as a means to promote exquisite products and samples.

Automatic deliveries – It might be useful that one of the shopping lists in the Continente Online service would have the option to generate automatic deliveries with a recurrence pre-specified by the consumer. This would be useful for those kind of items

¹⁹ This, of course, needs a careful evaluation of the costs of providing such a service that I was not able to perform. In the United States, several grocery stores offer this service at no extra cost (see e.g. Grocery Delivery Holmes at <http://www.buys-online.net/holmes-grocery-delivery.htm>).

²⁰ This might also be used by customers whose residence area is not currently serviced by delivery service.

that consumers know they need regularly. Customers should be able to add products to this list permanently or only for the next delivery.

Personalized shopping list generation through Continente card – Currently, customers can have their groceries delivered at home if they buy online or if they buy on site and request the delivery service. This service would consist on a personalized shopping list generated from the history of the last few previous orders, as registered on the customer's Continente card account. These personalized shopping lists, which would be printed in the store on demand, would be taken home by customers and completed by ticking those goods that customers wish to order and indicating the corresponding quantities. Completed lists would then be sent to Continente by post or collected by the delivery personnel in a pre-arranged visit to the customer. This last service is already available in US through Schwan's website (<http://www.schwans.com>). The target of this service would be those customers who have reduced mobility and low familiarity with computers and technology like senior citizens and for whom the convenience of home delivery may be highly valuable.

4.4 Other tools to reduce time in the supermarket

All the tools that will be presented on this section only reduce the time spent in the supermarket. These tools are appropriate for those consumers that either prefer to buy at the physical store or that are unwilling to pay any extra money for having the shopping collected but would also like to reduce their time in the supermarket.

Electronic Maps – In order to help customer navigate around the store, information points with electronic maps should indicate the sections of the stores where products can be found. The first menu should be an overview of the store, from which it should be possible to zoom specific areas in order to provide a closer look of the store. Being

electronic, these maps should be able to easily accommodate the frequent changes in product location. These information points should also have a product search functionality that would display the approximate locations of specific products in the store.

Receiving text messages from the different service counters – When a customer would like to be helped from one of the different service counters (meat, fish, cheese, cakes, etc.) and there are already other clients waiting for the service, they register for this service in a machine located close to the service counter that assigns them a sequential number. To avoid the need to wait in areas very close to these service counters, Continente supermarkets already possess electronic screens in selected locations around the store that show the number of the client currently being helped in each service counter. Consumers that do not want to run the risk of missing their turn have to pay close attention to the numbers being called. A system that would allow customers to be texted when they are about to be helped would provide a more convenient solution for this problem. For example, customers could text a pre-specified code to a given phone number and receive a text message back when an attendant is about to be ready to help them.



Figure 6 - Self-scanning

Self-Scanning – This tool already exists in some Continents and it allows consumers to scan their products through a bar code scanner at the moment they put the products in the shopping basket. This saves on the time that is otherwise spent at the checkout: waiting for a checkout counter to be available, taking the groceries out of the basket, scanning them (or having the cashier doing it), and putting them in the basket again. In our survey, spending

shorter periods at the checkout was one of the most common answers to the question “What would you like to see in your store in the future?” Extending this tool to more Continente stores would therefore be an advantage. It is important not to forget that this characteristic differentiates Continente from its main competitors, where time spent at the checkout is even greater.

Printing shopping lists - The Continente Online website has an option that allows customers to print their shopping lists. In such cases, the list would be more useful if it was organized in such way that would indicate an optimal route in the store (like what it is being planned by Tesco in UK- Time Techland 2011) or, at least, would indicate the area in which each item is to be found, similar with what is done in Ikea. Of course, for using such facility, customers would have to designate the store in which they plan to shop. This might contribute towards reducing the time customers spend in the shop, which is one of the main customers’ complaints.

4.5 Other formats

The tools that are going to be presented in this section reduce the time spent at home after the shopping has been made. These tools are more appropriate for small households that have been increasing in the last few years (INE 2011 b).

Packages prepared to be immediately frozen and allowing individual doses - Upon the arrival of groceries at home, people spend time in preparing some goods (meat, for example) to be frozen. Packages currently available at the stores are not always convenient for this, as they use too much space in the freezer. Upon arrival at home, customers have to re-package the groceries they want to freeze and have to plan how they are going to use the goods to decide on how many pieces they are going to include in each freezing bag.

Improving Convenience at Continente



Figure 7 – Individual frozen bags

If a customer who has just bought pork ribs puts too many of them in the same freezing bag, he may have a hard time later when he wants to consume only a fraction of them. Butcher shops elsewhere are already packaging the meat they sell in bags that keep each rib separate from the others and that, therefore, allow for an easy defrosting of any

individual portion.

4.6 Summary of the recommendations

Table 1 shows the different components of shopping time and summarizes the different recommendations that are made in this section, identifying for each recommendation which facet of shopping time is reduced.

Table 1- Problems and solutions

Solution	Time spent in				
	Shop preparation	Traveling to store	Shopping at store	Store checkout	Sort out at home
E-commerce		✓	✓	✓	
M-commerce	✓	✓	✓	✓	
Counter and car delivery			✓	✓	
Home delivery		✓	✓	✓	
Automatic Deliveries		✓	✓	✓	
Generated shopping list		✓	✓	✓	
Other tools to reduce time in supermarket			✓	✓	
Other formats					✓

4.7 Validity of the recommendations

The recommendations above were tested with a questionnaire on a sample of 110 respondents and the results are supportive to most of them (see Appendices 10 and 11

for the survey and analysis, respectively). Table 2 and the comments below summarize the most important information gathered from this questionnaire.

Depending on the nature of the recommendation different measures are given. For example, for the suggestions relative to e-commerce (Continente Online) the figures refer to the proportion of respondents that find the service to be very good and good, while for m-commerce, the percentages are relative to the proportion of respondents that are very interest and interested in the service. For the delivery services, the table includes information on willingness to pay.

Table 2 - Recommendations

Recommendations	Proportion of respondents
E-commerce (very good / good)	
Easiness on searching products	6.8% / 45.5%
Speed of website response	9.8% / 36.6%
Easiness on shopping basket usage	10.0% / 60.0%
Easiness on shopping list usage	10.3% / 48.7%
Home Delivery Service	25.6% / 56,4%
Overall	4.9% / 63.4%
M-commerce (very interested / interested)	11.7 % / 22.5 % overall 22.0% / 41.5% smart phone owners
Home Delivery (willingness to pay)	56.4% willing to pay at least 5 € 21.8% willing to pay at least 8 €
Counter delivery (very interested / interested) (willingness to pay)	7.5% / 20.0% 20.0% willing to pay 3 € or more
Car delivery (very interested / interested) (willingness to pay)	12.5% / 21.7% 20.0% willing to pay 3 € or more
Shopping list with best route (very interested / interested)	22.5% / 27.5%
Maps in the stores (very interested / interested)	36.7% / 35.0%
Receiving a text message (very interested / interested)	38.3% / 33.3%
Selfscanning (very interested / interested)	36.7.% / 33.3%

Results show that all recommendations are well suited. The suggested improvements of the e-commerce platform are those that can be regarded more skeptically, since the platform was already well evaluated in our survey. There are however some arguments to follow these recommendations.

Five of the persons I talked to, evaluated Continente Online as being very poor. These were experienced online shoppers with varying degrees of experience with Continente Online. I was with them in front of the computer observing their reactions as they were using Continente Online: they found the shopping list and search for products messy, and two of them commented that the website was much slower than Jumbo Online.

In one of our workshops at Fuel, it was commented that the website was far from perfect and that changes needed to be made.

Only 33% of our respondents have ever used Continente Online, and only 17% have used it in the last two months. Since most of our respondents indicate that they are willing to pay for the delivery, we can assume that they are interested on this type of service.

Two of the recommendations were not covered in our survey (packages prepared to be immediately frozen with individual doses and customized personalized shopping list) since these services are targeted to relatively small niches. The first recommendation arose from conversations I had with five divorcees that commented they are always wasting food because there are no packages with individual doses available from the supermarkets. One commented that one of the reasons he prefers to buy meat from butcher shops is because meat there is packaged in single bags. The second one came from conversations I kept with two seniors, who told me they do not shop at Continente

because the store is too far from their home, but find that the stores they buy from are limited in their assortment. This recommendation should be studied in greater depth, both in terms of costs and support from the potential target, in order to understand if its implementation would be profitable.

5. Conclusions

A survey conducted with over three hundred consumers indicate that consumers find the act of shopping for food something that is unpleasant, boring and which they would like to do as fast as possible. All the time spent as a consequence of the shopping act (before, during and after the act) affects the perceived convenience of shopping. Convenience is one of the three main factors that lead consumers to choose one store instead of another, the other two being price and diversity. Continente is seen as superior to competitors with respect to diversity, as inferior with respect to convenience and there are mixed views with respect to price. Customers that normally shop at Continente perceive Continente to be better than competitors in this regard, but those that normally shop at Pingo Doce think otherwise.

This report aims to increase Continente's convenience without giving up its superiority regarding diversity. Recommendations made in the report intend to reduce the time spent in the shopping preparation, in the actual visit to the store and in the storage of the purchased goods. They include making maps available in the stores, assisting customers with finding optimal routes for their visits, extending self-scanning facilities and creating a warning message system that let customers know an employee is ready to help them. Other recommendations deal with avoiding the need to do the actual visit, like the improvement of the online commerce platform, or the development

of a mobile commerce platform, while others deal with improving the delivery services at home and on site.

Testing of these recommendations on a sample of over one hundred customers indicate support to most of them.

6. References

ANIL 2012 “Continente reforça liderança de mercado face ao Pingo Doce”, Associação Nacional de Indústria de Lacticínios (ANIL) based on Diário Económico <http://www.anilact.pt/informacao-74/4484-continente-reforca-lideranca-de-mercado-face-ao-pingo-doce>

Ferreira, M. P.; Reis, N. R. ; Santos, J. C. 2011 “Mudança no sector alimentar: O Pingo Doce”, Instituto Politécnico de Leiria, http://www.globadvantage.ipleiria.pt/wp-content/uploads/2011/03/caso-de-estudo-8_pingo_doce.pdf.

INE 2011 a) “Comércio a Retalho acentua tendência negativa”, *Destaque do INE*, Dec. 2011, published 2012, Jan 12

http://www.ine.pt/ngt_server/attachfileu.jsp?look_parentBoui=134360339&att_display=n&att_download=y

INE 2011 b) “Censos 2011 - resultados provisórios”, *Destaques do INE*, March 2011, published 2011, Dec 7

www.ine.pt/ngt_server/attachfileu.jsp?look_parentBoui=131113454&att_display=n&att_download=y

HiperSuper 2011 a “Continente com índice de reputação mais elevado”, 2011, Jul 19 <http://www.hipersuper.pt/2011/07/19/continente-com-indice-de-reputacao-mais-elevado/>

HiperSuper 2011 b “m-commerce movimentará 88 mil milhões até 2015”, 2011, Nov 18 <http://www.hipersuper.pt/2011/11/18/m-commerce-movimentara-88-mil-milhoes-ate-2015/>

HiperSuper 2012 a “O consumidor está em situação de crise”, HiperSuper, 381, p. 20-21, 2012, Jan 17

HiperSuper 2012 b “O futuro das marcas próprias”, HiperSuper, 381, p. 14-15, 2012, Jan 17

HiperSuper 2012 c “É indiscutivelmente importante agir”, HiperSuper, 381, p.4-9, 2012, Jan 17

Marketeer 2011 “Miguel Osório: “Continente terá a política promocional mais agressiva”, *Marketeer*, 2011, Jul 12 <http://www.marketeer.pt/2011/07/12/miguel-osorio-continente-tera-a-politica-promocional-mais-agressiva/>

Marktest 2012 a “Pingo Doce lidera recordação publicitária no ano 2011”, *Marktest Notícias*, 2012, Feb 22 <http://www.marktest.com/wap/a/n/id~1926.aspx>

Marktest 2012 b “Modelo Continente foi maior anunciante em 2011”, *Marktest Notícias*, 2012, Feb 22 <http://www.marktest.com/wap/a/n/id~1924.aspx>

Roland Berger 2009 “A evolução da concentração da indústria e da distribuição em Portugal”, report produced for APED on 2009, March 16

http://www.aped.pt/Media/content/184_1_G.pdf

Seleções Reader's Digest 2012, "Portugueses confiam", *Marcas de Confiança* 2012

<http://www.marcasdeconfianca.selecoes.pt/ReadersDigest/Portugueses.aspx>

SONAE 2011 a, SONAE website, Áreas de Negócio

<http://www.sonae.pt/pt/media/areas-de-negocio/>

SONAE 2011 b, "Continente é a marca única do retalho alimentar da Sonae"

http://www.sonae.pt/fotos/gca/14_1300150994.03.2011_pr_muc_final.pdf

Time Techland 2011, "Supermarket's Map App shows quickest routes to things on your list" by Turnbull Giles - <http://techland.time.com/2011/05/27/supermarkets-map-app-shows-quickest-routes-to-things-on-your-list/>

Note: All Internet addresses were last accessed on 2012, April 28