



Retail Industry

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Market Context

Industry Context

- **Food retail / Supermarket industry**

Highly competitive market with strong players.

- **Key players**



- **Industry characteristics**

-  High price sensitivity
-  Low margins
-  High purchase frequency
-  Strong operational focus

Mercadona Overview

**Leading supermarket chain in Spain**

Market leader with a strong position.

**Nationwide presence**

Extensive network of stores across the country.

**Focus on efficiency and cost control**

Continuous improvement of processes to ensure competitiveness.

**Customer-centric model**

“El Jefe” (the customer) at the center of every decision.

**Simplified operations**

Optimized assortment and streamlined processes to maximize efficiency.



Mercadona's strategy is built on operational excellence, cost efficiency, and a deep understanding of customer needs.

Positioning

A value-for-money retailer, offering consistent quality at a fair and stable price.



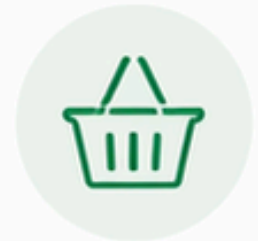
VALUE FOR MONEY

High perceived quality at a fair and stable price.
Focus on meeting customer needs every day.



EVERYDAY LOW PRICE (EDLP)

“Siempre Precios Bajos” strategy.
No promotions or discounts: stable prices build trust and simplify the shopping experience.



STRONG PRIVATE LABEL ECOSYSTEM

~50–60% of sales come from private labels.
Key brands: Hacendado, Deliplus, Bosque Verde.
Full control of quality, pricing and supply chain.

HACENDADO

deliplus
BEAUTY

BOSQUE VERDE



CUSTOMER-CENTRIC MODEL – “EL JEFE”

The customer (“El Jefe”) is at the center of every decision.
Continuous feedback, co-creation and adaptation of products and services.



Perceptual Map

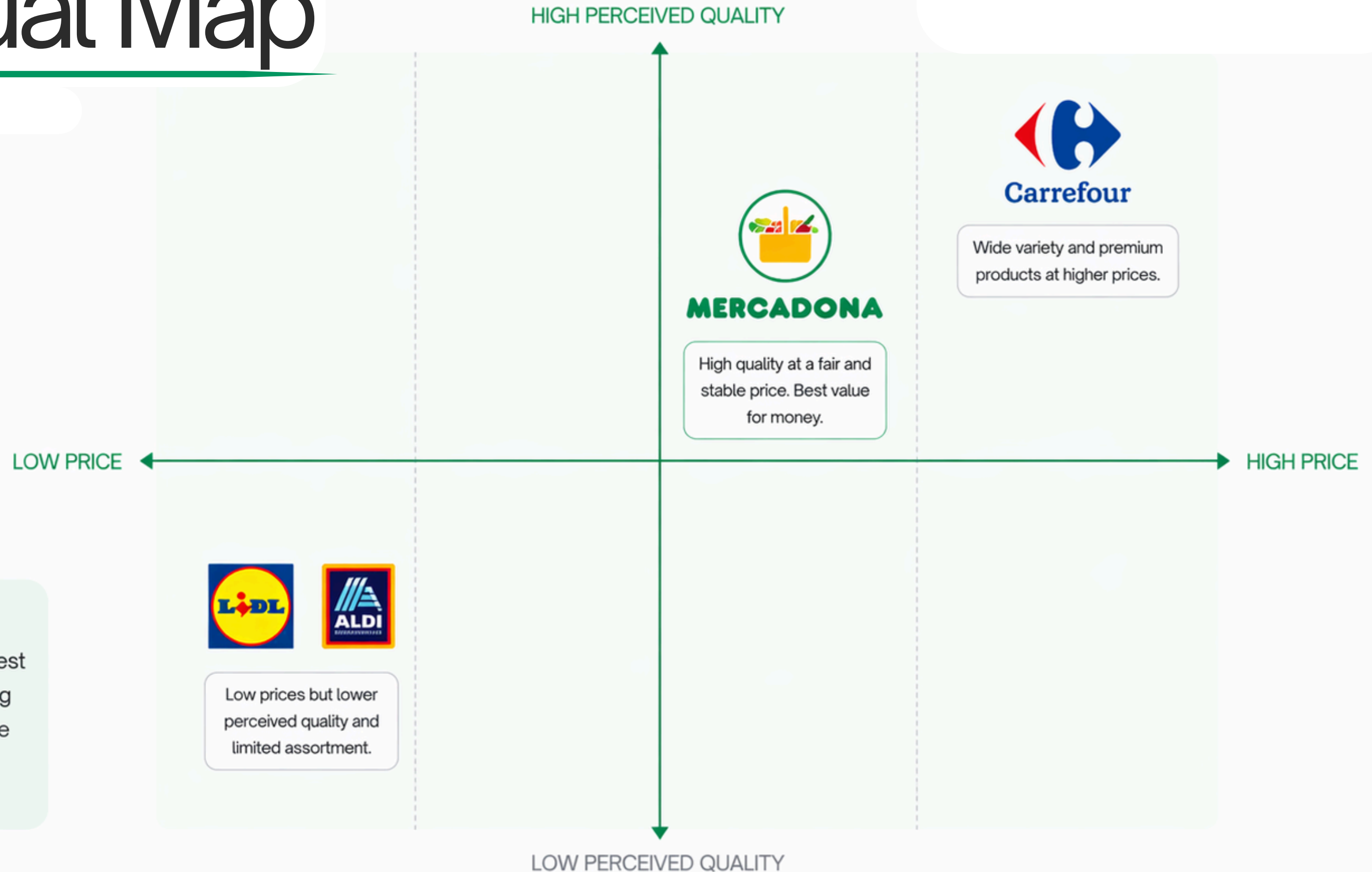
This perceptual map shows how key retail players are positioned in the Spanish supermarket market based on price and perceived quality.

Mercadona occupies a strategic middle position, offering higher perceived quality than discount retailers while maintaining price accessibility.



KEY INSIGHT

Mercadona delivers the best value for money, combining quality, trust and affordable prices without competing on promotions.



Target Market

Who are they targeting?

- Broad mass-market, especially families & households
- Focus on value, quality & reliability
- Strong base of loyal, everyday shoppers

Demographics & Behavior

- Appeals to all age groups and income levels
- Value-oriented consumers (price-quality balance)
- High customer loyalty & habitual shopping
- Growing online usage (younger consumers)

Why this target?

- Ensures stable and consistent demand
- Builds long-term customer loyalty
- Strong positioning between premium & discount retailers



Competitive Advantage



Extreme Operational Efficiency



- Optimized supply chains + logistics



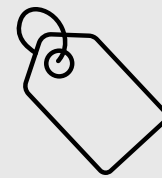
- Data-driven demand forecasting



- Tight cost control



Everyday Low Prices



Private Label Dominance



- Strong own brands (Hacendado, etc.)



- Limited assortment



Higher margins + less price comparison



Integrated Supplier Model



- Long-term partnerships



- Co-development of products

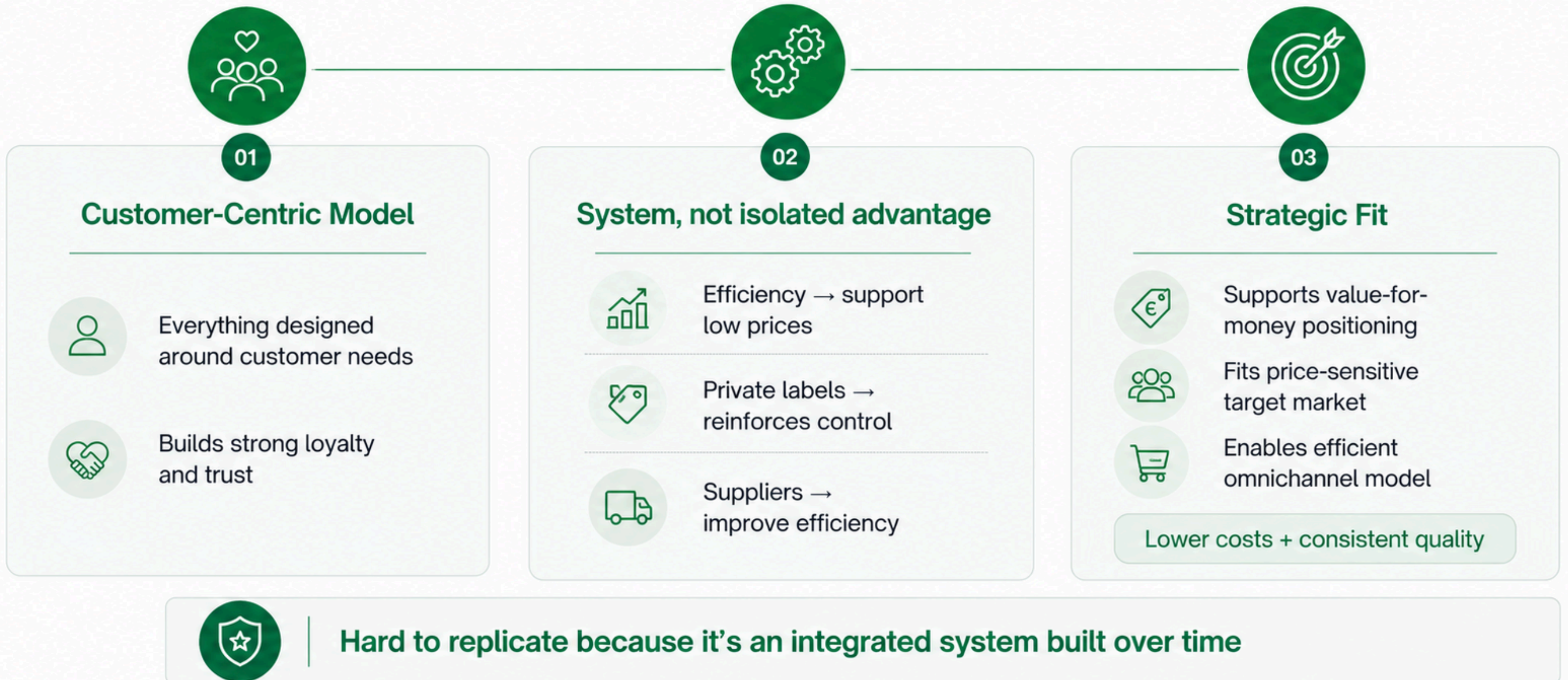


Lower costs + consistent quality



Mercadona wins by controlling the entire value chain

Why Mercadona Wins



Merchandise & Assortment



What they sell?

- Full range of groceries; fresh produce, meat, fish, dairy, bakery, pantry, beverages, household & personal care.



Focus on Everyday Needs

- High Frequency Products.
- Consistent Quality across categories.
- Designed for fast, efficient shopping.



Limited but Relevant Selection

- No overwhelming variety.
- Only best-performing SKUs.
- Reduces fashion fatigue.



Right Product, Right Quality, Right Price - every day.

➤ Depth vs. Variety Strategy



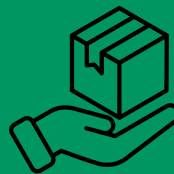
Tight Assortment (Low Variety)

- Fewer SKUs per category.
- Standardized across stores.
- Faster decision-making.
- Reduces decision fatigue.



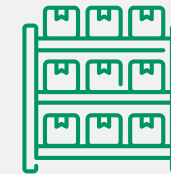
Category Role Logic

- Destination → attract traffic.
- Routine → everyday purchases.
- Convenience → ready-to-eat/complementary.
- Seasonal → temporary expansion.



High Depth in Key Products

- Focus on high-demand items.
- More shelf space per product.
- Higher inventory turnover.
- Better availability.



Space Management

- Linear shelf layout → tight assortment.
- More shelf space allocated to private labels.
- Higher inventory turnover + better margins.
- Supports EDLP → efficiency, control and standardization.

➤ Private Label as Competitive Weapon

Private Label Power

50-60%

of total sales come from Mercadona's private labels.

Key Brands

HACENDADO

Food

deliplus
COLOR

Beauty &
Personal Care



Home
Care

Compy

Pet Care



Why it Matters?

- Full control over quality, pricing and supply chain.
- Higher margins and better profitability.
- Less price comparison with competitors.
- Consistent quality and customer trust.



Strategic Role

- Reinforces Everyday Low Price (EDLP).
- Builds long-term customer loyalty.
- Differentiates Mercadona from other retailers.



Private Labels = Control + Consistency + Comp. Adv.

➤ Customer Services

The “Boss” comes first

In-store

- Trained table staff
- Fast-checkout → but no bagging staff
- Fresh counters
- Standardized layout
- No loyalty cards

Online

- Programmed deliveries → but no same day
- Three temperature truck deliveries → freshness
- Telephone CS from 7-22.30
- Virtual assistant on Whatsapp
- Social media accounts

Co-innovation

- Real customers test products before launch
- In 2025 → 8.5k sessions at co-innovation centers = 220 improvements, 400 new products & 34 product innovations



Te atendemos de lunes a domingo de 7 a 22:30h, 1h menos en Canarias.

800 500 220

(Gratuito)



¡Hola soy Carol, tu asistente virtual de WhatsApp!

¿En qué puedo ayudarte?



Haznos llegar tus comentarios a través de este **formulario** o escríbenos a nuestro **correo**.



También puedes contactar con nosotros desde nuestro **Facebook, X, YouTube, Instagram, LinkedIn y TikTok**.



Replacing the typical retail loyalty plan (points, coupons, personalized offers) with operational quality.

Pricing Strategy

Siempre precios bajos (EDLP)

	SPB - Mercadona	High-Low - Carrefour, Eroski
Price	Stable & predictable	Volatile, peaks and lows
Customer	Routine shopper	Promotion picker & store switchers
Marketing spend	Near zero	High: catalogues, loyalty cards, in-store staff changing price tags
Forecasting	Easier, flat demand	Promotional spikes
Demand generators	Trust in price	Cards, coupons, deals

Flexible EDLP: cut prices during inflation crisis (23-24), discreet yellow tags, promotions for perishable products

➤ Store Objectives

Focusing on the “Boss”

Improve Shopper Flow

- Clear path through categories
- Reduce shopper congestion
- Completion of routine groceries

Increase Employee Productivity

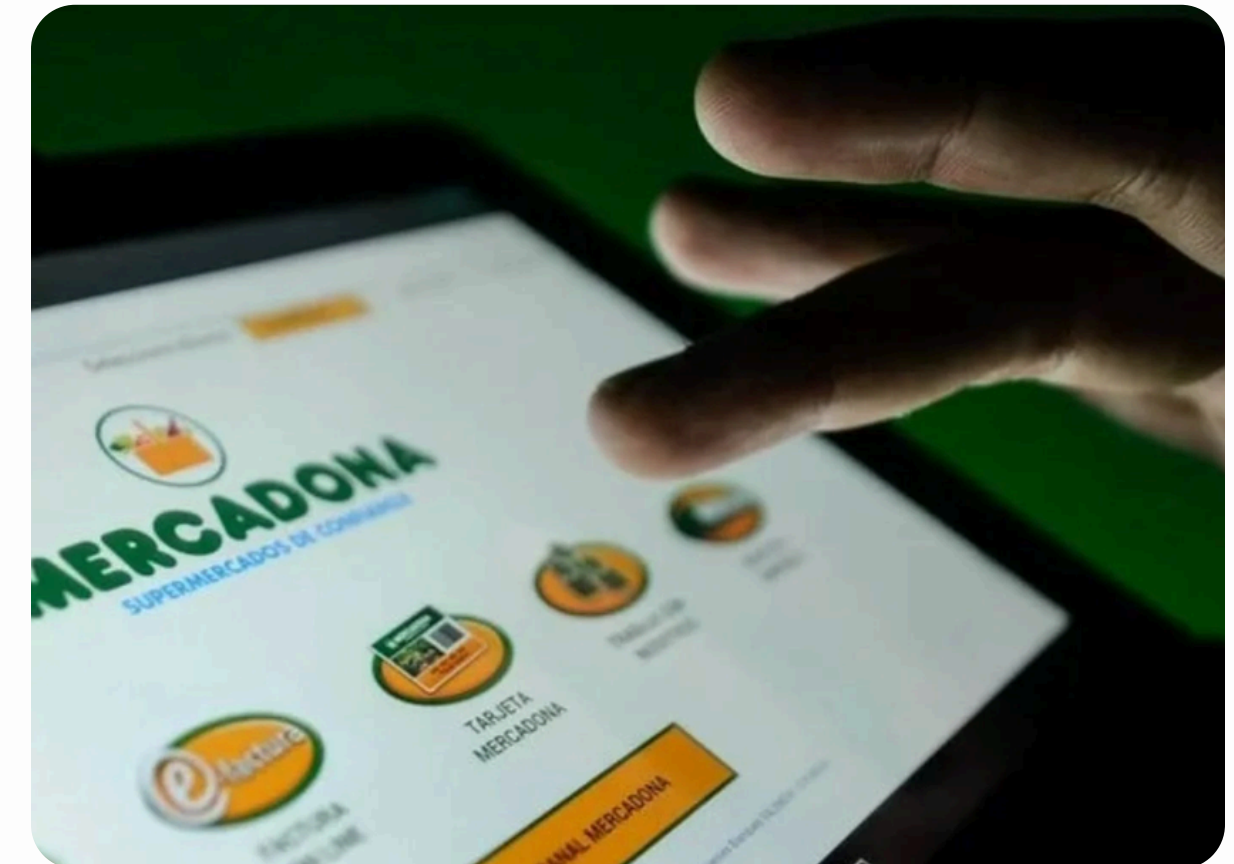
- Central Workshops to group activities
- Reduced unnecessary movements → cashiers
- Easy restockings
- Training, profit sharing & job security

Cost Leadership

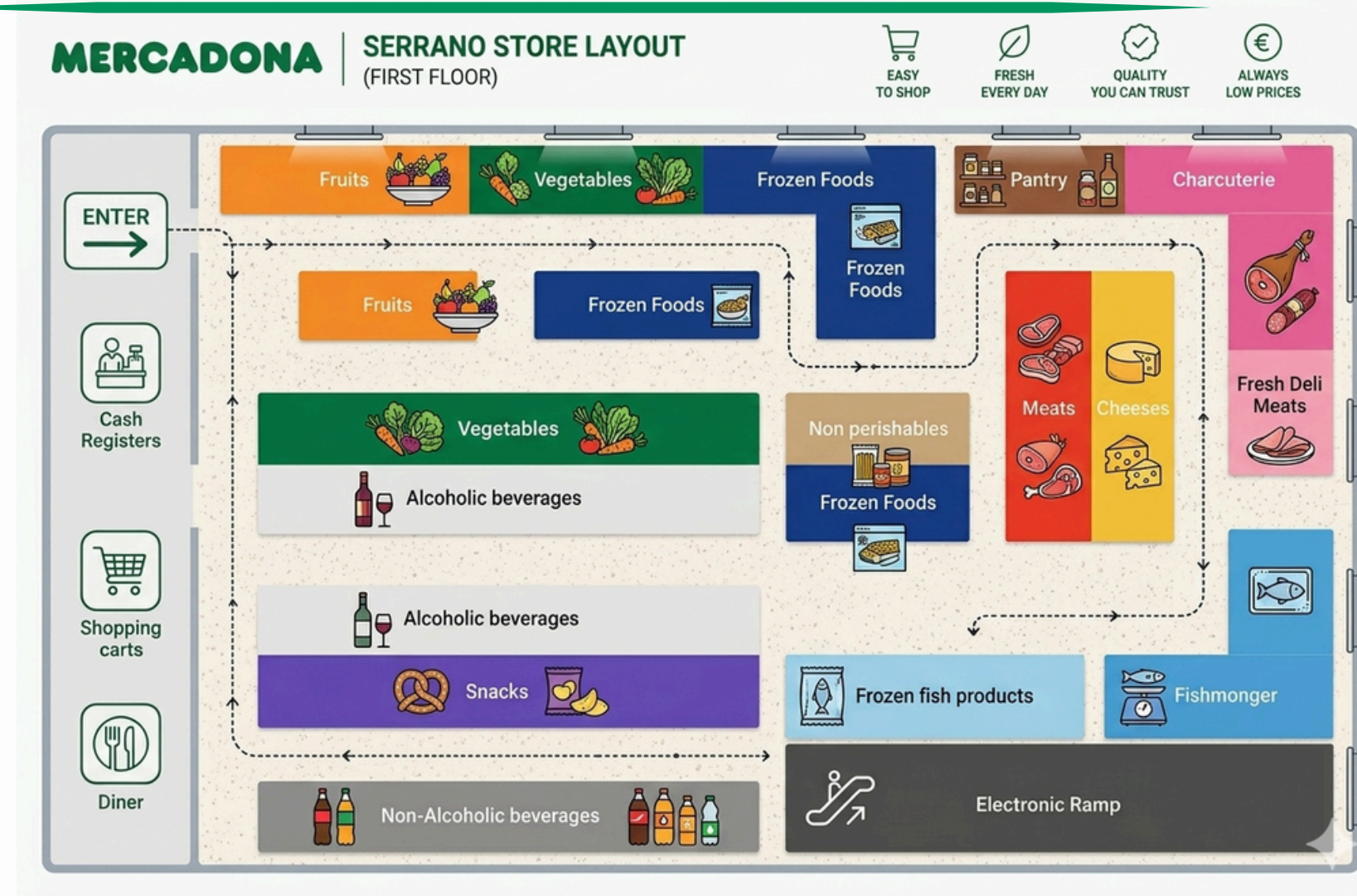
- Energy and water efficiency (40% more with T9)
- Less product waste → inventory management
- Process-driven operations

Shopper experience

- Calm environment
- Ergonomic checkouts and accessibility
- Welcoming ambience



> Store Layout



Category Roles

- **Destination** → ensure traffic = maximized space
- **Routine** → planned purchases = standardized planogram
- **Convenience** → ready to eat / complementary purchases = intuitive placement
- **Seasonal** → capture demand spikes = assortment expansions

Space Management

- Linear selection → tight assortment and reduced decision fatigue
- More shelf space allocated to Private labels
- Higher inventory turnover + better margins
- Supports EDLP → efficiency, control and standardization

Diagram based on Salamanca store layout

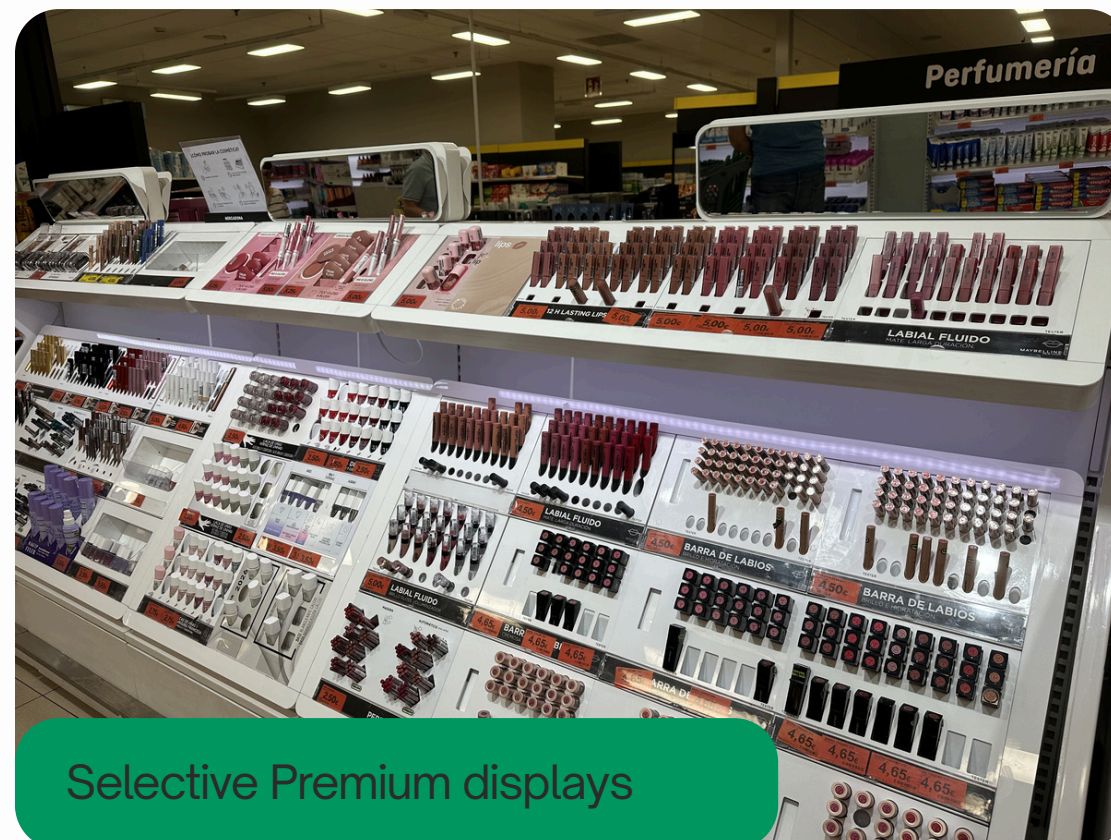


Visual Merchandising



Designed for clarity

Photos taken in Salamanca store



Visual Merchandising



Designed for clarity



Unlike competitors that use visual merchandising to stimulate impulse buying, Mercadona uses it to simplify decisions and increase efficiency

Faster trips + higher trust + lower operational costs

Atmospherics

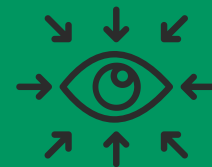
The Boss's
experience as
priority

Auditory



Silent shopping →
reduce fatigue and
stress

Visual



- Floor to ceiling glass panes
→ maximize natural light
and welcoming ambience
- Murals decorating sections

Navigation



- Max 7.5m long aisles
- Logical grouping → Intuitive flow
- Escalator ramps → easy mobility
within floors

Olfactory



Centralized preparation
areas (obradores) →
control scent intensity and
enhance freshness

Tactile



- Ergonomic carts with magnets
for ramps → reduce exertion
- Ergonomic cash registers →
reduce workers' fatigue





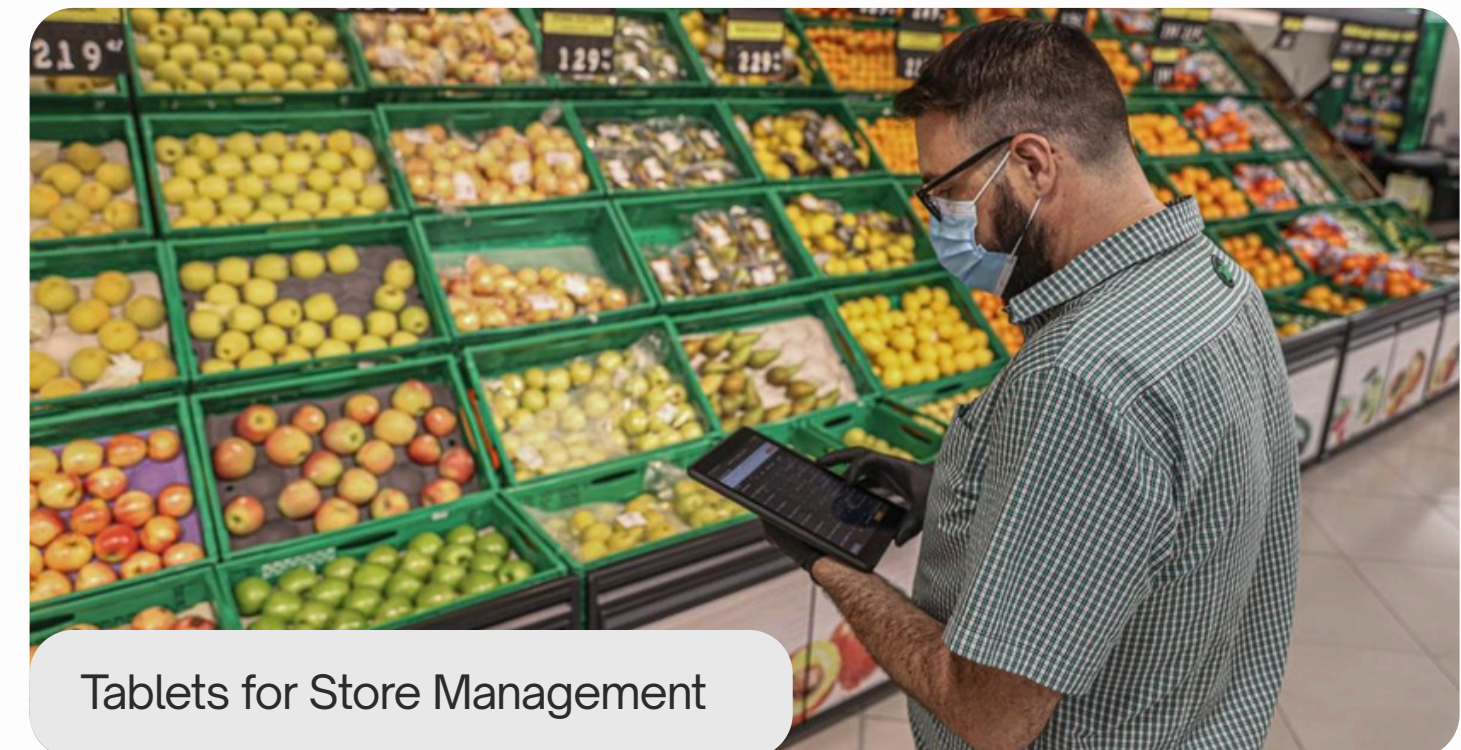
Scales for tasks & ordering



Ergonomic registers → designed by Valencia's Institute of Biomechanics



Aerofoil refrigeration system



Tablets for Store Management



In-Store Tech

Intentional implementation

Mercadona's use of technology in stores aim to support their design objectives → Boss' journey + operational excellence

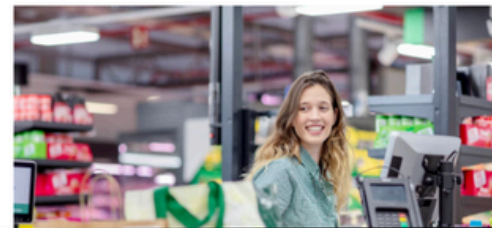


E-Commerce Shopping

The “Colmena” (Hive) Model

Compra online

Recibe tu pedido en casa con la misma calidad y frescura de siempre.



Minimum Order Amount

€60

Service Fee (Online Shop)

€8.20

Service Fee (In-store Delivery)

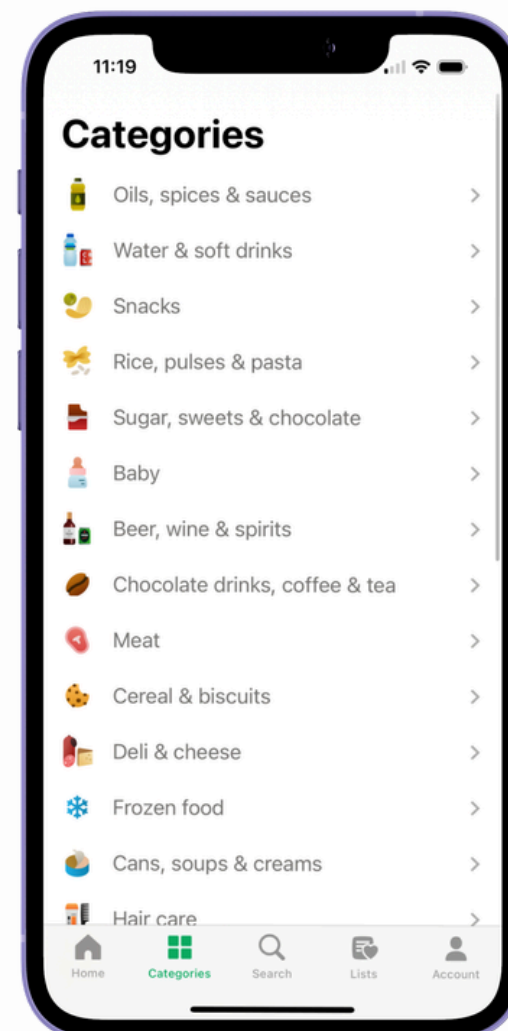
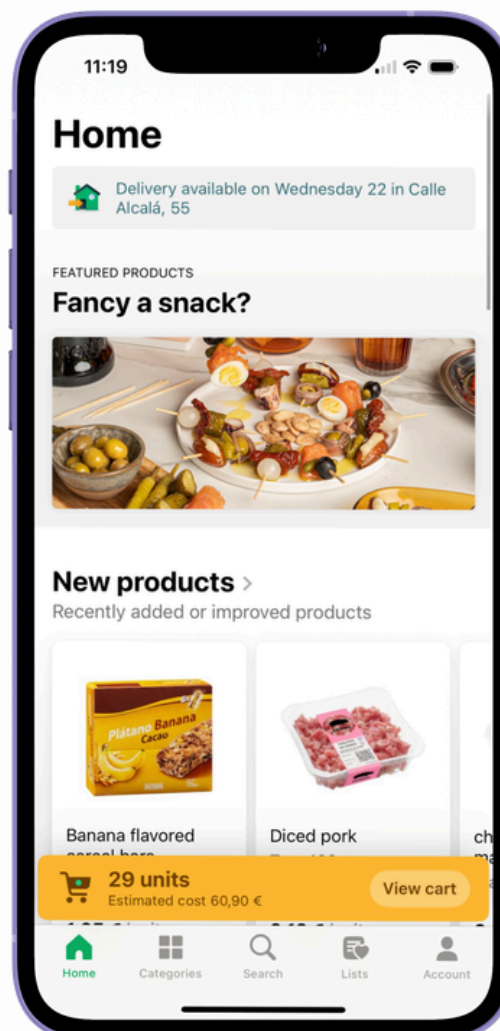
€6.50

Delivery Windows

Starting day after purchase,
based on availability

Product Availability

Majority of products available
in store are online as well





E-Commerce Shopping

Customer convenience gap



Strengths

- Dedicated warehouses → improves productivity
- In-store experience protected from picker congestion
- Delivery vehicles designed with 3 temperatures → ambient, refrigerated, frozen
- Exclusive delivery (no 3rd party apps) → maintain control of process

Weaknesses

- No click & collect
- Low delivery flexibility / urgency vs competitors → 1-2 days to deliver
- No shopper personalization (suggested products, reordering)
- Limited geographical delivery → complementing Hive with store picking

Physical vs Online

TOTAL REVENUE

41,9B

ONLINE REVENUE

1.06B€

ONLINE REVENUE IS 2.5% OF THE TOTAL REVENUE



Omnichannel Integration

Unified Brand:

Perfect price and brand consistency across all channels.

Costs

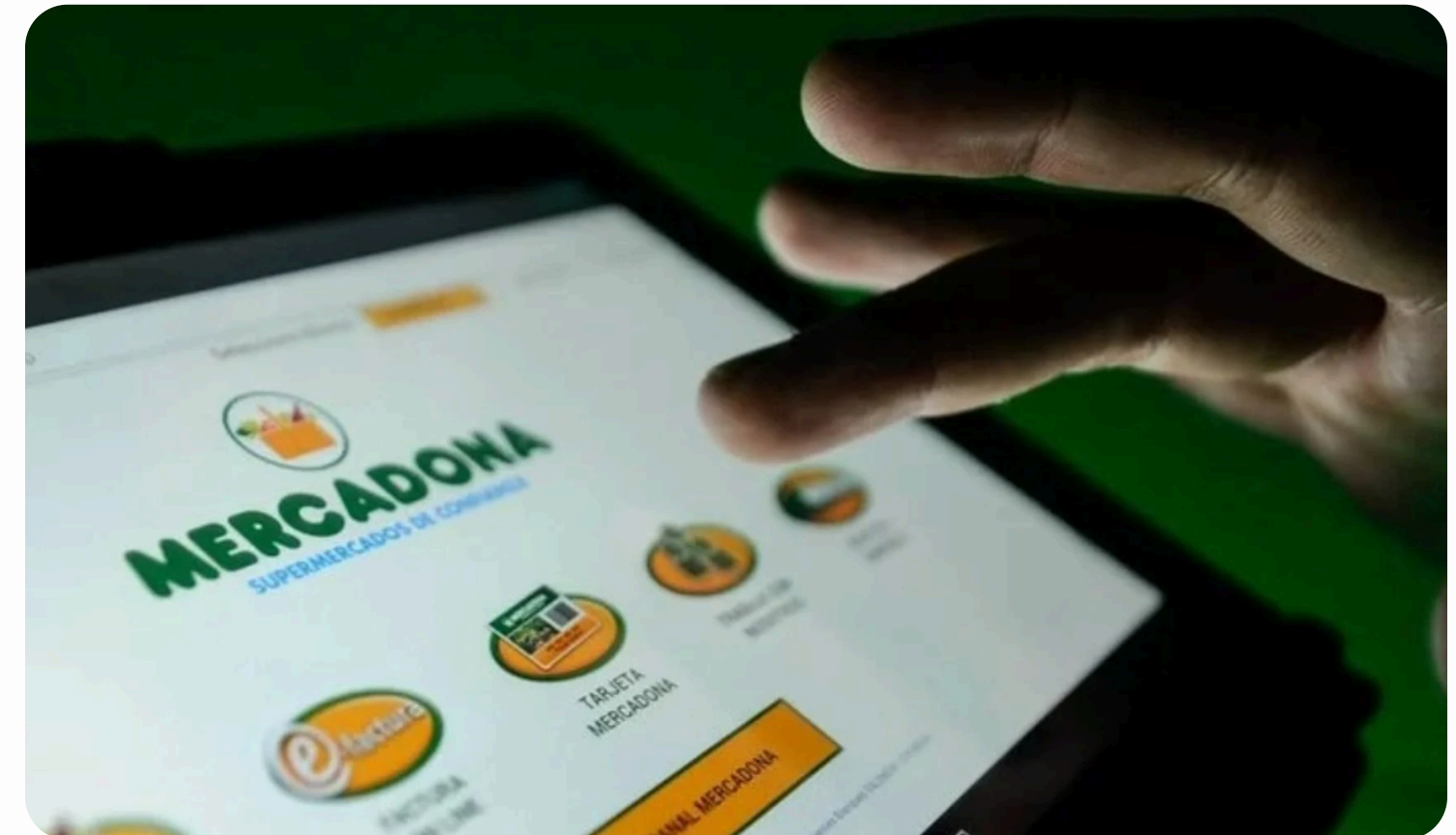
They sacrifice "convenience features" to maintain total control over the supply chain and costs.

Hybrid Retail

Physical and digital merge into immersive experiences.

Global Growth

New markets provide expansion opportunities worldwide.



Physical stores remain the priority because "The Boss" prefers buying fresh goods in person.

What isn't working

01 Omnichannel gap

No click & collect. High delivery fees (€8.20). Online channels represent just 2.5% of €41.9B in total revenue which is far below the category average.

02 No personalization

Purchase data goes unused. No reorder suggestions, no personalized baskets. As digital expectations rise, Mercadona's one-size experience starts to show its age.

03 Colmena reach is limited

The hive model works well but it doesn't cover enough ground. Non-Colmena zones get reduced online assortment, creating an uneven experience.

Where to go next

R1 Launch weekly baskets

Pilot smart deliveries from selected stores. Allows users to schedule orders without having to pick and pay. A credit card subscription that includes delivery and guarantees a periodic shopping order.

R2 Add a personalization layer

Use existing purchase data to surface reorder nudges and smart basket suggestions. Doesn't need to be a loyalty program, just smarter defaults.

R3 Extend Colmena coverage

Accelerate the hive rollout. Bridge the gap with store-picking windows in uncovered zones - temporary, but effective while the network grows.

*Mercadona's strength is its consistency.
The opportunity is careful extension and
closing the digital gap without losing what
makes it work.*



Thank You



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- <https://www.linkedin.com/pulse/rise-private-labels-latest-tribulation-major-food-brands-baron> → BCG data: ~8,000 SKUs per store, 55% PL share, Deliplus larger than L'Oréal in Spain
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- <https://news.italianfood.net/2023/05/23/mercadona-not-only-italian-private-brands/> → International supplier partnerships (Bertagni, Zanetti, Sanguedolce), Hacendado product range detail
- <https://iide.co/case-studies/swot-analysis-of-mercadona/> → Strengths (market leader, customer satisfaction), weaknesses (limited international presence)
- <https://www.worldbenchmarkingalliance.org/company/mercadona> → Brand descriptions, sustainability overview
- <https://costablancadaily.com/news/2025/05/21/mercadonas-purchases-from-alicante-suppliers-exceeded-927-million-in-2024/> → €29B in Spanish supplier purchases (+8%), regional sourcing strategy
- <https://www.statista.com/topics/10737/mercadona/> → Revenue data, market position, vertical integration overview

Annexes

➤ Sustainability in Mercadona

Operational Efficiency as a Competitive Advantage

Store Efficiency (T9)

- Reduced energy consumption → LED lights + insulation
- Aerofoil refrigeration
- Floating condensation units in central cooling system



Process Optimization

- Centralized “Obradores” (workshops) → reduce product waste, better quality control
- 10% reduction in energy usage and 40% in water
- Employee training on new workflows and technology



Supply Chain

- Automated distributors → WITRON tech prepares up to 120k pallets for stores
- “Transporting more with fewer resources” initiative → reduce trips
- Electric and Gas-powered trucks to reduce CO₂ emissions



Sustainability initiatives directly reinforce cost efficiency and support Mercadona's EDLP strategy

➤ Store Layout

