Application 2.10

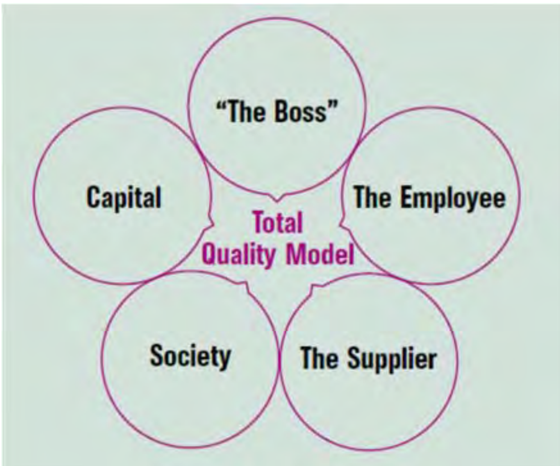
STAKEHOLDERS AT MERCADONA

José Emilio Navas López
Universidad Complutense de Madrid
Luis Ángel Guerras Martín
Universidad Rey Juan Carlos

Mercadona, one of the largest Spanish distribution companies, founded in Valencia in 1977 by the Roig family, has followed a spectacular development process since its creation to reach, at the end of the 2021 financial year (despite the problems arising from Covid-19 in the last two years), a turnover of 27,819 million euros. a net profit of 680, a workforce of about 95,800 workers and a sales capacity of 1,662 supermarkets between Spain (1,633) and Portugal (29). This has enabled it to climb into 37th position in the world of retailing, according to the 2021 Global Powers of Retailing, being the second Spanish company listed in the ranking, ahead of Inditex (33), and ahead of El Corte Inglés (69), DIA (137) and Eroski (212). Furthermore, in 2021, the company ranked second in Spain's Índice Merco de Reputación Empresarial [Merco Business Reputation Index], behind only Inditex, while its chairman, Juan Roig, was ranked first among Business Leaders for his leadership skills.

To achieve this level of growth, some years ago, Mercadona designed a business model based on an overall approach of "Total Quality", according to the generally held adage that satisfied customers lead to higher sales, which means bigger profits, and on that basis, shared growth. This model has led to the realignment of its objectives among its various stakeholders, establishing the following priority order: customers, employees, suppliers, society, and shareholders (Figure 1).

Figure 1: Stakeholders at Mercadona



Customers are considered the main stakeholders, to such an extent that within the firm itself they are referred to as "The Boss"; in other words, all the main decisions are designed to meet consumers' needs in terms of food, cleaning and personal hygiene under the general banner of To offer the best quality/price ratio, maintaining high levels of quality, breadth of product range and customer service, at reasonable prices. In 2021, Mercadona served around 5,5 million Spanish households, with a retail surface area accounting for 15,5% of Spain's total retail area. Another significant aspect is its capacity for innovation, as it consistently introduces new products, with about 300 new references per year in recent years.

The second group in importance involves **employees**, based on the model of leadership, endeavour and workforce satisfaction. This is achieved through relatively favourable terms of employment for its workers, based on the type of contract (generally open-ended), salaries that are above the average for the industry (e.g., in December 2021, wages were raised by 6.5%), reconciliation of family life and work, Gender equality, conditions of health and safety at work, the prioritisation of internal promotion, staff training and a share in profits, which meant the distribution among its workforce of 409 million euros under the item of target bonuses.

Regarding its suppliers, Mercadona upholds the principle of maintaining stable relationships, underpinned by the goal of building a Sustainable Agrofood Chain. To this end, it traditionally maintained a special relationship with the so-called "inter-suppliers", which in 2019 changed to the figure of "*total* suppliers". The latter are manufacturers with whom long-term supply agreements are established, committed to product differentiation and co-innovation, competitive prices, and sustainable and socially responsible production processes. Its products are distributed under private labels, the best-known of which are Hacendado (food), Bosque Verde (cleaning), and Deliplus (personal hygiene). However, the producer's name always appears on the packaging. In 2021, the company had about 1,400 "total suppliers".

As for **society** at large, the company strives to maintain its commitment to the social and economic development of the areas where it operates and show respect for the environment. In 2021, its turnover meant it contributed 2.09% to Spain’s Gross Domestic Product. The impact Mercadona’s direct and indirect business had on employment in Spain amounted to 660,000 jobs (3.7% of the country's employment). The fiscal impact of the activity generated exceeded 9,000 million euros (2% of the total estimated collection of public administrations). Besides numerous social responsibility initiatives, the company had worked closely with more than 290 social canteens, donating 17,000 tonnes of food.

Finally, **capital**, represented by its shareholders, is governed by the principle that profit accrues only after all the company’s other requirements have been met. The company has seen both turnover and profit grow systematically in recent years, reaching the aforementioned data. Although the prevailing policy is to reinvest its profits to finance new investments (in 2022, they planned to invest around €1,000 million), the dividend payout in 2021 was approximately €150 million (approximately 22% of net profit).

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