STAKEHOLDERS AT MERCADONA

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

Mercadona is a Spanish supermarket retail firm, incorporated in Valencia in 1977 by the Roig family, which has recorded a spectacular surge in growth, until by the end of 2012 it posted a turnover of 19,077 million euros, net earnings of 508, with a headcount of 74,000 employees and a chain of outlets consisting of 1,411 supermarkets. This has enabled it to climb into 44th position in the world of retailing, according to the 2013 Global Powers of Retailing, being the foremost Spanish company listed in the ranking, ahead of Inditex, El Corte Inglés and Eroski.

In order to achieve this level of growth, some years ago Mercadona designed a business model based on a general approach of "Total Quality", whereby it has realigned its objectives across its various stakeholders, establishing the following order of priority: Customers, employees, suppliers, society and shareholders.

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 "always low prices", while upholding suitable levels of quality, product range offer and customer service.

The second group in importance involves employees, who enjoy relatively good working conditions, based on the type of contract (generally open-ended), salaries above the industry average, the reconciliation of work and family life, health and safety conditions at work, priority for internal promotion, staff training (with an investment of 44 million euros in 2012) and profit sharing, expressed through the distribution among its employees of 240 million under the item of target bonuses.

Concerning its suppliers, Mercadona applies a policy of contracts to its 100 suppliers, which it refers to as "inter-suppliers", through very long-term procurement agreements (normally 15 years, although they may extend as far ahead as 25) for production that is generally on an exclusive basis. These products are generally sold as store brands, with the best known ones being Hacendado (food), Bosque Verde (cleaning products) and Deliplus (personal hygiene). Nevertheless, the producer's name always appears on the packaging. The agreements are governed by an "open books" policy, which means that both manufacturer and retailer are aware of each other's profit margins.

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. Mercadona's contribution to Spain's Gross Domestic Product in 2012 amounted to 3.57 billion euros, and its direct and indirect impact on employment nationwide reached 400,000 people.

Finally, capital, represented by its shareholders, has seen a systematic growth both in turnover and net earnings over the 2007-2012 period, with the latter reaching a figure of 508 million euros in this last year. Although the prevailing policy involves reinvesting profits in order to finance new investments (which in 2012 amounted to 650 million euros), these reasonable rates of return have enabled its equity in 2012 to reach 3 billion euros, constituting a ratio of almost 50% with regard to total assets.

Source: www.mercadona.es and www.deloitte,com/globalpowersofretailing

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