

## **AMANHECER**

### **A new dawn for Recheio?**

In a warm summer afternoon of September's 2012, Teresa Godinho<sup>1</sup> – the general manager of the Amanhecer Project – and her team were discussing the future of its stores, after opening 26 units in the first phase of the project.

Amanhecer, part of the leading Portuguese food distribution group Jerónimo Martins (JM) was created in 2009, as a brand of food products with good quality and fair price for the traditional trade. Few years later, Amanhecer developed as a retail concept that the traditional neighbourhood grocers could adopt for their stores, as the answer for the new market trends and the shift in consumers' habits.

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Pedro Flores Ribeiro prepared this case under the supervision of Nuno Magalhães Guedes, in partial fulfillment of the Dissertation requirements for the degree of MSc in Business Administration, at Universidade Católica Portuguesa, in January 2013, as a basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

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<sup>1</sup> Note: management names are disguised

The Amanhecer team intended to keep growing with the opening of new stores in 2013. The central issue raised by Teresa Godinho was how could they keep growing as a modern operation, without jeopardizing their biggest strategic advantage – the tradition and the capacity of the traditional independent Amanhecer groceries to address the specific demand of their customers, according to region and neighbourhood.

## 1 Jerónimo Martins Group overview

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With over 200 years of history, JM's Group operated in three areas: manufacturing, services and food distribution. It was the leader of food distribution in Portugal and Poland (**Exhibit 1** shows JM Group operations).

By the end of 2011, together, all the insignias of the Group, accounted for more than 66,000 employees within Portugal and Poland, spread over 2,563 stores or 1,700,000 square meters area. In terms of sales volume, the Group almost achieved the 10 billion euros mark (€9,838 billion), and 3,600,000 daily customers (see **Exhibit 2** for the weight of the main insignias in the distribution segment).

The upcoming years would pass through Latin America, where JM was starting its operations in Colombia, aiming to become a Top 3 company in the food sector by 2020, starting with the opening of 2000 stores in the first 5 years<sup>2</sup>. This operation was part of the main goals of the Group for the near future, which included entering a new market in order to ensure the long term growth of JM and reinforce its international awareness as well as strengthening its position in the Portuguese and Polish markets. In the long-run JM wanted to be among the largest companies in the world.

The Distribution business accounted for more than 95% of the sales volume of the group, meaning that Manufacturing and Services contributed with a residual percentage of JM's total sales. Biedronka – the Polish supermarket chain – was the biggest source of revenues of the Group. In fact, the weight of the Portuguese market in the Distribution business was less than 40% and was mostly sustained by Pingo Doce and Recheio Cash and Carry (JM's Portuguese Wholesaler) sales.

Over time, Pingo Doce changed its positioning and way of doing business. Namely in 2002/2003, it went through a repositioning with special focus on price and assortment. At the same time, it closed its online platform – Pingo Doce Online. A few years later, it became the

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<sup>2</sup> Source: Diário Económico (15-11-2012)

largest Portuguese supermarket chain, which wanted to be seen as the *“benchmark for quality and innovation in Modern Distribution, with a special focus on fresh produce and its private label. Pingo Doce is ideal for those who value quality and convenience at competitive prices”*<sup>3</sup>.

Very soon, Pingo Doce looked for developing its own branded products with the best quality possible. It was the first food distributor having the quality certificate standard NP EN ISO 9001:2008 attributed by APCER<sup>4</sup> (see **Exhibit 3** for more certification details).

Pingo Doce not only provided its customers with very good quality products at a fair price, but also contributed to the internal sustainability of small Portuguese producers with around 70% of these private labels being made in Portugal. For instance, when a very well-known yogurt brand went down in Portugal – Yoplait – JM started “producing” its Pingo Doce yogurts in the same plant, saving many jobs.

With most stores located near the metropolitan areas of the main Portuguese cities, Pingo Doce tried to satisfy the daily needs of its customers, offering quality at competitive prices. Each Pingo Doce store had on average 1,200 square meters, with 5,500 SKU<sup>5</sup>'s available for consumers. The weight of its private label was 41,4% over total sales and the fresh products represented 40% of the total products' sold.

With over 40 years of experience, Recheio, was focused on serving the traditional retail segment. It included several private brands that gave to the grocers the possibility to compete with the rest of the market. Within those private brands, were Masterchef, more focused in the hotel industry and professionals; Gourmês, that was designed to serve restaurants, cafes and also hotels; and finally Amanhecer, oriented to the traditional retail businesses.

According to Teresa Godinho, around half of Recheio sales were distributed through the HORECA – hotels, restaurants and cafeterias – channel and the other half through small groceries, mainly with industry and Amanhecer brands. Given the macroeconomic situation in Portugal, the Cash and Carry business had fallen in both the traditional retail and the HORECA segments. Aware of these trends, Recheio had established as a priority the increase of its clients' portfolio, as a way of mitigating the decrease in the sector. Moreover, by 2011 Recheio

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<sup>3</sup> <http://www.jeronimomartins.pt/negocios/distribui%C3%A7%C3%A3o-alimentar/pingodoce.aspx?lang=en>

<sup>4</sup> APCER – Associação Portuguesa de Certificação is a private Portuguese organization dedicated to the certification of management systems, services, products and people as a method of guaranteeing quality and promoting the competitive advantage of organizations, whether public or private, national or international.

<sup>5</sup> SKU – stock-keeping unit is a number or code used to identify each unique product or item for sale in a store

had developed a new project that aimed to capitalize synergies with the owners of the grocery stores. The result was the Amanhecer stores (see Amanhecer label in **Exhibit 4**).

## 2 The Portuguese food distribution market

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The food distribution market was divided into several categories depending on the size of the store and the range of products sold. There were four main categories, starting with the hypermarkets, which sold a wide variety of products in an area larger than 2,500 square meters. Next, came big and small supermarkets, with the size of the store ranging from 1000 to 2499 and 400 to 999 square meters, respectively. Finally came the groceries, essentially small stores (less than 400 square meters), usually with a point of sales behind a counter and associated with traditional retailing.

### 2.1 Industry trends

The food distribution in Portugal was a business that generated more than 13 billion euros/year (**Exhibit 5** shows the mass market sales by segment). Despite the resilience of this segment, comparing for instance with the non-food market, the food industry registered a fall in 2011, mainly due to the macroeconomic crisis.

The geographical distribution of the sales volume did not register significant changes in the last years. The regions with higher relevance were the metropolitan region of Lisbon (with 25% of total sales in 2011) and the northwest with cities like Oporto or Coimbra representing more than 20% of the mass market. The highest volume of sales was registered in the category big supermarkets, which accounted for 33% of the total market or 4,267 million euros in value.

The number of groceries in the traditional market was decreasing, meaning that the number of stores fell by almost half from 2010 to 2011 (**Exhibit 6** shows the number of stores in each segment). In 2010, alone, more than 900 groceries were closed.

According to Nielsen's data, the traditional market in Portugal registered a fall of 8,7% from 2010 to 2011, and the weight of this segment in the total market decreased from 10,1% to 9,2%.

Despite this trend, the demand for the traditional market had been increasing due to a shift in consumers' habits. In 2011, according to Recheio's data, 73,2% of Portuguese households made a purchase on the traditional market. In the opposite way, were the larger markets,

essentially hyper markets, that despite representing an important part of the mass market, (around 25% in 2010) were losing weight compared to the previous years.

Another trend in the food retail market was the fact that distributors were betting more and more on private labels. One of the consequences of this change was the fact that the number of SKU's in each store was becoming smaller, therefore consumers had less options at the time of purchasing a given type of product. If some years before, there were 10 types of a given product, for instance milk, with this change the consumer would find just the private label of the given retailer and 2 or 3 industry brands. Nevertheless, with the growth of own branded products, the distributors were able to reduce their operational costs due to a better stock management, and consequently provide more competitive prices to both small grocers and the final consumer.

These types of private labelled goods were essentially set in two groups. One was focused on price, meaning that the outcome was the cheapest product with the adequate quality for that price. Examples of these types of private labels include Mini Preço with "Dia" or Continente with "é" products. On the other hand, there were Private Labels aiming for the best quality possible and the lowest price fitting that quality. In this category there were Sonae and JM with Continente and Pingo Doce brands, respectively.

## **2.2 Consumer behaviour**

According to Instituto Nacional de Estatística, the crisis led the "confidence indicator" of Portuguese population to its lowest level ever, essentially due to the economic crisis. As a result, in 2011 the consumption level in Portugal shrank. Moreover, families were having less time to spend in their daily living and this also affected the consumption habits of customers, meaning that consumers, at the time of purchase, were giving more importance to convenience.

One of the changes recorded was the increase of purchase frequency and the decrease of the average amount spent on each purchase. This meant that families were spending their money more on a daily basis and just in essential goods. The market closer associated to these purchase habits was the traditional segment, where the average amount spent was €14 against the €31 spent on average at the mass market level.

According to Nielsen's data, the sales of specialized food retail was gaining importance in the global market of distribution, essentially because consumers were avoiding to buy superfluous

goods. With these specialized stores they were able to do it easily, since these stores were selling just a specific type of goods.

Also the average consumer became more rational in its purchase attitude. This was translated in two things. First the consumer was not willing anymore to spend in a product more than he/she knew he/she could find in the market. For instance, in the end of the last century, with the emergence of discount distributors – e.g. Lidl that was established in Portugal since 1995 – it was expected that this type of distributors were mainly targeting people with low purchase power. However companies as JM noticed that not only this type of consumer was seeking for this segment, but also people with higher purchasing power. Proof of that, were the BMWs and Mercedes that were starting to be seen, in the parking lots of Lidl supermarkets. Something was changing in the consumers' mind and as a consequence in the food distribution business. Second, with the trend of the supermarkets to be closer located to its consumers, those knew that they could buy less each time, in order to reduce waste and at the same time to keep the products fresher than before. Moreover, perishable goods were one of the most important drivers of consumption in the food distribution industry. Consumers were looking for fresh daily goods, namely meat, fish, bread and vegetables.

### **2.3 Competition**

The Portuguese Food Distribution industry included national and international Groups and its own brands. Sonae – one of JM largest Portuguese competitors – had essentially two insignias in the segment of hyper and super markets with Continente and Continente Bom Dia, respectively.

There were also several international players in the Portuguese food distribution market. Mini Preço, a convenience discounter, from Carrefour Group and Lidl, a German distributor known for its low prices (both in the super market category) were two major brands selling in Portugal. Jumbo was the Auchan's insignia acting in the segment of hypermarkets together with E. Leclerc, a French distributor. Intermarché, was in the big super market segment, with stores ranging between 1000 and 2000 square meters and was mainly established in rural areas (see **Exhibit 7** for competitors and industry details). It is also important to highlight the strong online presence of Continente and Jumbo in the online retail business. Continente alone counted more than 300.000 registered clients in 2011.

Despite the large players in the market, Amanhecer direct competition was less concentrated comparing to the supermarket segment, becoming harder to identify the direct competitors of

the chain. Nevertheless, Amanhecer was not alone in the “neighbourhood distribution”. Beside the traditional groceries, usually managed by one or two persons including the owner, many other large players spotted the opportunity in that market to create and develop new projects in order to address the different needs of this segment. Among those were Sonae with Meu Super, Ten-to-Ten and Covirán (see **Exhibit 8** for further information about the Amanhecer direct competitors).

#### *Meu Super*

Sonae launched Sonae MC few days after JM presented the insignia Amanhecer, in the beginning of 2011. The new project contemplated two distinct business areas, the wholesale distribution and the franchising of traditional groceries, with the name Meu Super.

Meu Super adopted a different strategy, franchising its format. The owner of a traditional grocery was able to invest in this project, in return of a wide price competitive range of products, with “Continente” and “é” labels and the modern logistic standards of Sonae. The stores were managed with about 10 employees working in an area with between 150 and 1000 square meters and were mostly located in residential areas outside metropolitan areas. For instance, only one of the stores was located in the Lisbon region (Estoril).

In the first year of the project, Meu Super counted 24 stores, apart from the acquisition, in the end of 2011, of Ponto Fresco and Frescos & Companhia (two Portuguese groceries chains with more than 450 stores all over the country).

#### *Ten to Ten*

This small grocery chain, 100% owned by the founders (two entrepreneurs) started with one store in Telheiras (Lisbon) by September 2009. Similar to Sonae and JM projects, the concept of the store combined the tradition of grocery stores with modern needs. The stores were opened from 10 AM to 10 PM and the brand did not have private label products, selling mainly products that resulted from partnerships with large distributors, in order to become more price competitive, without jeopardizing quality.

Almost two and a half years after the first opening, Ten to Ten counted five stores, four in Lisbon and the 5<sup>th</sup> in Cascais. The owners intended to keep growing in 2013 with the opening of 5 new stores, but the location was still to decide.

#### *Covirán*

Covirán was a Spanish Retailer Cooperative, with more than 2,800 stores in the Iberian region. At the beginning of 2012, it had 91 stores in Portugal, spread essentially on the North of the country. In Lisbon there were three stores of this insignia.

Like the majority of the insignias in the segment of traditional distribution, Covirán had a range of own branded products for most every day needs of its customers. Similar to Meu Super, Covirán implemented a franchise format, meaning that the owners of the groceries were regulated by specific rules of the distributor.

Continuously growing since 2003, the sales of the Cooperative reached 550 million euros in 2011. It intended to keep growing in the Portuguese market, with the goal of reaching 150 stores in 2014.

## 3 Amanhecer

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### 3.1 The product brand

Initially, Amanhecer started as Recheio's private branded products (**Exhibit 9** shows Amanhecer products), with the aim of fulfilling the needs of a particular segment of the traditional market. Amanhecer, offered *"over 200 products, especially designed for the everyday needs of Portuguese homes, with a quality equivalent to the most well-known brands on the market, and at low prices<sup>6</sup>".*

As a cash and carry, Recheio was distributing these products to groceries, together with many other well-known brands. This assortment of products was usually appreciated from the owners of the groceries since it guaranteed them more competitive prices at a high quality standard.

According to Miguel Pissarra, a member of the Amanhecer management team, in the last 10-15 years retail distribution channels were shrinking in Portugal. Taking into account that almost 90% of Recheio's total sales were coming from retail and HORECA channels something had to be done in order to increase sales.

To address the issue of the sales reduction, Recheio could either try to increase sales of existent customers, which could be hard since they were diminishing, or to endeavour and look for a new portfolio of clients.

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<sup>6</sup> <http://www.jeronimomartins.pt/negocios/distribui%C3%A7%C3%A3o-alimentar/recheio.aspx?lang=en>



Amanhecer stores were the natural answer for this problem. According to Miguel Pissarra and Teresa Godinho it was obvious that, given the acceptance and increase of demand for distribution brands, the way of ensuring Recheio's sales would require the increase of Amanhecer sales. So, a possible way to achieve this goal was to establish the already existent brand as a traditional small supermarket chain in partnership with the owners of the groceries, where the majority (60 to 80%) of the products sold would be supplied from Recheio, among which, Amanhecer products (on average 20% of Amanhecer products and 80% industry products). The remaining 20-40% of the stores would be supplied by regional producers with special local products.

### **3.2 Stores concept**

The Amanhecer brand already existed for more than 10 years (just as a milk brand until 2009). However, in the beginning of 2011, Recheio decided to recreate it, as a traditional store chain. The first two stores were opened by February 2011 in Viana do Castelo and Baixa-Chiado (Lisbon), but this number rapidly increased. Within a year, Amanhecer accounted for 26 stores scattered over Portugal (Continental territory and the Azores).

The business model of this project was based on a commercial partnership (5 years) with the owners of the already existent small and medium-sized groceries, most of which were already clients of Recheio. It intended to establish this insignia in the heart of a neighbourhood as a convenience store for those who valued close relationships.

Considering the positioning of the brand, the role of the grocery owners was extremely important because they had the responsibility of combining the new operational and logistic side of the project with the daily care of its customers. Miguel Pissarra said: *"if a client asks for sugar, the employee cannot just point out where the sugar is, he/she must bring it to the client"*

The main objective of this project was to reinforce the traditional commerce that at the time was in decline by answering to the grocers' and final consumers' needs. The customers of Amanhecer stores would benefit from the convenience of neighbourhood shopping with the same quality and price that they found in larger retailers. It was a win-win situation, since all the parties involved gained. First, traditional retailers would keep their businesses with better chances to "survive", and, on the other hand, Recheio would ensure a way to out flow its products, thus increasing its sales.

One of the strategic points was the range of products itself. The private label market was gaining more and more followers, and so Amanhecer products had an important role in the concept, since they were seen as fair priced products with very good quality, compared for instance with Pingo Doce. One of the local owners said that, when a new Amanhecer product arrived into the store, it was almost immediately accepted and tried by the customers. The perceived value of this brand to the final consumer was really important to ensure the sustainability of the project.

The grocers would benefit from special buying conditions when purchasing Amanhecer products with a special *rappel*<sup>7</sup> percentage in key products. Recheio would also provide the stores with special supplier conditions, namely on electricity, communications, insurance and others. Thanks to the layout and Amanhecer's image, the grocers were also enjoying the fact that these stores were linked in the mind of the consumer to something that was already familiar and reliable.

The Amanhecer Project went way beyond the stores. It not only promoted entrepreneurship, since it encouraged the independent retailers to keep their own business, but also, with the sustainability of the traditional segment flourishing, encouraged many other small neighbourhood businesses, as bakeries or butcheries, to become feasible again.

Given the format of the project, namely the partnership dimension, the possibility of franchising Amanhecer stores instead of establishing a cooperative relationship was considered. Ana Arruda – the Communication Manager – said: *"It was difficult to identify where to draw the line that divided an aggressive partnership from a smooth franchise model"*. The fact that, despite Amanhecer was a partnership didn't mean that it would lose control over the stores chain since all the rules were agreed by contract.

Despite the fact that Meu Super, the strongest rival of Recheio's project, was a franchise, several issues were discussed and led to the decision of not franchising. The majority of the grocery owners were struggling to keep their stores open. What if an entity such as Recheio came and suggested to a grocer, we give you support and help, but in counterparty you have to invest in the layout and pay royalties and monthly fees? The owners would think twice. With Amanhecer, the investment of the grocery owner was only with the reshuffle of the

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<sup>7</sup> Rappel is a discount applied in the distribution sector under certain conditions. Usually it is refunded as a percentage of the sales of a given buyer and aims to encourage customers to increase the sales volume.

store. Moreover, why should they go franchising when examples like Frescos & Companhia and Ponto Fresco went wrong?

In the other hand, the model adopted from Recheio could raise some issues concerning the quality and general daily rules of the stores. For example, the possibility that a store didn't comply with all the hygiene rules and would thus be closed by the safety and hygienic authorities. It would be the owners' fault, although, as Miguel Pissarra explained: *"the newspapers would state, an Amanhecer store was closed instead of the store of Sr. Joaquim"*. It would damage Recheio and Amanhecer despite the real blame belonging to the grocer.

Thus, to ensure that all the requirements were being followed, the Amanhecer team had operational managers that visited the stores regularly to ensure the proper functioning of the stores, and to teach the owners and staff the same procedures that were followed in Pingo Doce stores. It was their responsibility to transmit and teach the owners how to position the products in the store, what should be the margin of a given range of products, how to manage the level of inventory and other operational issues.

Amanhecer was seeking essentially for stores ranging between 100 to 200 square feet (**Exhibit 10** shows the store layout). The working hours varied from 8 AM to 8:30 PM and among the 26 stores, 7 were located in Lisbon (see **Exhibit 11** for stores location). The stores were usually located in residential areas, but there were examples of convenience places like metro stations. The stores were managed by the owner, with the help of 3 more employees, on average. Most products were Amanhecer labelled, meaning that the customers would not find many non-food articles in these stores. Most goods sold were perishable, excluding meat and fish.

#### **4 Moving forward – second expansion phase**

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With the first phase of the project over, during the 3<sup>rd</sup> quarter of 2012, the Amanhecer team was preparing the expansion of the store chain for 2013. They wanted to open several new stores in the following year, although, for the former General Manager of Recheio and founder of this initiative, David Lopes, "the success of this project will not be measured by the number of stores opened by the end of the first year".

With the growth of the store chain, many issues started to be raised among the team. Amanhecer was part of the second largest Portuguese company. With a 10 billion euros business, JM efforts were directed to Poland, and more recently to Colombia. The goal of the

company for the next years was to develop its business in this country in order to ensure growth in the long run. Bearing in mind these objectives, it could be hard to understand the role of Amanhecer within the group. First because Pingo Doce was already established in the market and was selling almost 3 billion euros a year (2011). Its positioning also pointed to a *“shopping environment similar to that of traditional municipal markets<sup>8</sup>”* with high quality products and reasonable prices. Would ever Amanhecer become at some point, large enough to become relevant for the core business of the Group? For Miguel Pissarra it was clear that Amanhecer could not be compared to the other insignias of JM, although *“if in the future, Recheio would be selling 100 million euros for Amanhecer stores, that will be enough to guarantee the job of many grocery owners and to pay many wages”*. Moreover, as it seemed to be a market with potential, many competitors were developing similar business models. With Amanhecer, Recheio was ensuring its presence in a segment that in the future could be crucial for Amanhecer products and guarantee sales for Recheio.

With the growth of the traditional segment and consequently the expansion of the Amanhecer project, another issue had been discussed. How could Amanhecer be able to grow and expand its business, and at the same time keep the personal relationship with the customers and address their needs, so that customers did not feel that they were shopping in a normal supermarket? Would stores lose the strategic advantage of the traditional retail segment, where the owner of the store had an extremely important role? On the other hand, would it be possible to become relevant enough in terms of value to JM without this growth?

One of the major factors that the Amanhecer team had in mind for the store locations was the proximity of a Pingo Doce store, even if for the mentor of this project, David Lopes, the profile of the customer of Amanhecer and Pingo Doce was different. The first was for daily shopping, whereas in Pingo Doce the customer went two or three times a week. Despite this opinion, some members of the team were still worried with the possibility of Amanhecer being perceived as a second version of Pingo Doce, especially given the goal of expanding the Amanhecer network.

Would it be possible in the future for the traditional market to become so important in terms of market share that the segment of Pingo Doce might be affected? What if big and small supermarkets would start losing customers for the traditional segment, like what happened

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<sup>8</sup> <http://www.jeronimomartins.pt/negocios/distribui%C3%A7%C3%A3o-alimentar/pingo-doce.aspx?lang=en>

some years before, when the hypermarkets suddenly started to lose market share for the smaller retailers? Would Amanhecer become a problem for Pingo Doce?

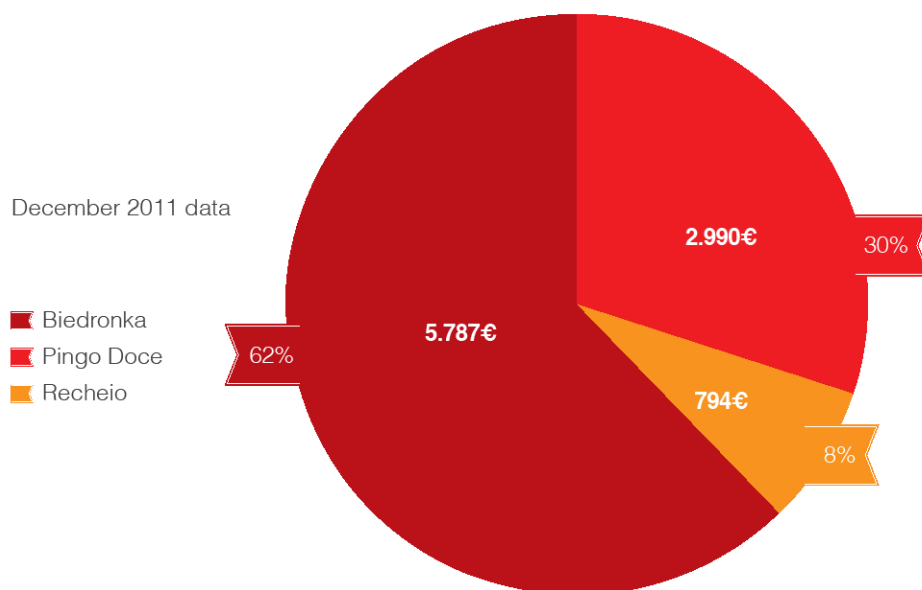
## 5 Exhibits Case Study

Exhibit 1 – Jerónimo Martins' Group operations in Portugal and Poland

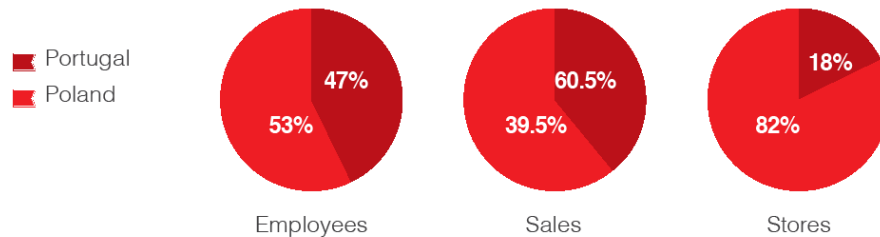


Exhibit 2 – JM distribution according to insignia (December 2011)

JM Distribution Sales per insignia | Portugal & Poland



December 2011 data



Source: Jerónimo Martins

### Exhibit 3 – APCER Quality Management System - ISO 9001:2008

ISO 9001 is the international reference standard for the Certification of Quality Management Systems. This certification recognizes an organization's efforts to ensure that its products and services meet customer and applicable



regulatory requirements, enhance customer satisfaction and stimulate continual improvement of its performance. It is applicable to any organization, regardless of size and sector of activity.

The ISO 9001 standard is supported by eight quality management principles that are defined in the ISO 9000 (Fundamentals and Vocabulary) standard: Customer focus, Leadership, Involvement of people, Process approach, System approach to management, Continual improvement, Factual approach to decision making and Mutually beneficial supplier relationships.

ISO 9001 requirements are related to these principles which, if properly implemented, create value for the organization, its customers and suppliers.

Key benefits of quality management system implementation include:

- Meeting customer expectations, ensuring not only their loyalty but also the competitiveness of the organization and contributing to its sustainable development;
- Highlighting the adoption of the latest management tools;
- Assuring greater confidence to design, planning, product and / or service production processes;
- Ensuring to stakeholders in a clear and transparent manner, the implementation of a Quality Management System that emphasizes continual improvement;
- Providing greater visibility and improved image in the marketplace;
- Enabling access to increasingly demanding markets and customers

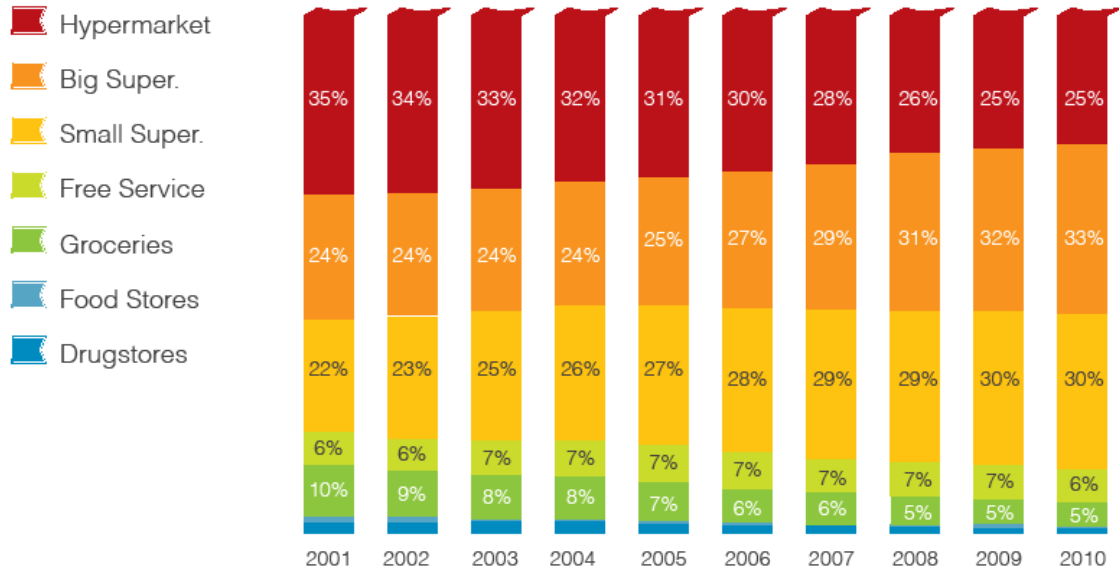
**Exhibit 4 – Amanhecer label**





## Exhibit 5 – Mass market sales per segment (2011)

Mass Market Sales Volume Per Segment | Million of Euros

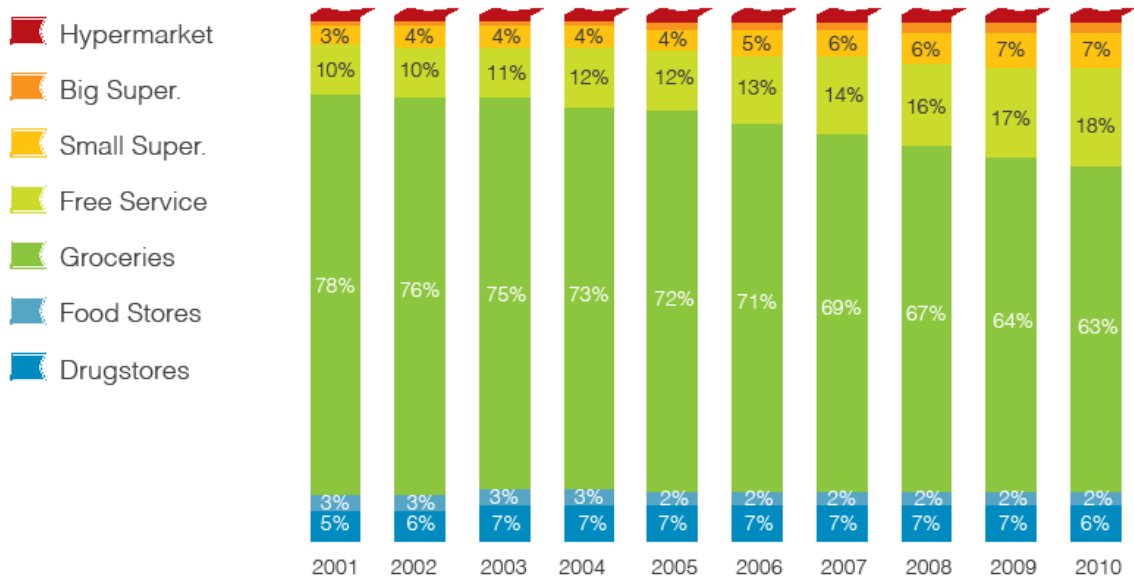


	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Hypermarket	3.211	3.342	3.426	3.415	3.484	3.481	3.461	3.333	3.249	3.248
Big Super.	2.211	2.370	2.423	2.530	2.740	3.110	3.523	3.937	4.130	4.267
Small Super.	2.029	2.311	2.578	2.754	3.065	3.249	3.511	3.711	3.825	3.998
Free Service	588	633	726	783	821	831	849	862	884	846
Groceries	938	906	866	850	797	737	701	678	634	591
Food Stores	83	75	68	67	55	48	40	41	42	36
Drugstores	195	204	217	232	221	194	181	157	145	133
<b>Total</b>	<b>9255</b>	<b>9841</b>	<b>10303</b>	<b>10630</b>	<b>11182.1</b>	<b>11649.4</b>	<b>12266.4</b>	<b>12719.1</b>	<b>12909</b>	<b>13119</b>
Var. % Year before		6%	5%	3%	5%	4%	5%	4%	1%	2%

Source: Nielsen

## Exhibit 6 – Number of stores per segment (2011)

Number of Stores








	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Hypermarket	53	56	58	59	62	66	70	75	80	81
Big Super.	262	272	280	288	306	344	399	441	470	468
Small Super.	950	1,001	1,003	1,025	1,078	1,142	1,243	1,284	1,316	1,326
Free Service	2,598	2,594	2,705	2,869	3,044	3,055	3,165	3,298	3,495	3,490
Groceries	21,131	19,819	19,024	18,248	17,697	16,122	15,328	14,259	12,952	12,036
Food Stores	770	710	681	651	544	526	449	449	462	405
Drugstores	1,399	1,543	1,702	1,778	1,699	1,571	1,550	1,438	1,308	1,218
<b>Total</b>	<b>27,163</b>	<b>25,995</b>	<b>25,454</b>	<b>24,918</b>	<b>24,430</b>	<b>22,826</b>	<b>22,204</b>	<b>21,244</b>	<b>20,083</b>	<b>19,024</b>
Var. % vs Year before	-2%	-4%	-2%	-2%	-2%	-7%	-3%	-4%	-5%	-5%

Source: Nielsen






## Exhibit 7 – Retail market key figures

### Employees

		2010	2009	2010 vs 2009
Pingo Doce		24.152	21.429	13%
Continente		21.263	20.465	4%
Auchan		9.210	9.378	-2%
Lidl		4.591	4.748	-3%
Mini Preço		4.003	4.034	-1%





Source: APED

### Sales Volume

		2010	2009	2010 vs 2009
Continente		3.555	3.380	5%
Pingo Doce		3.453	3.112	11%
Auchan		1.601	1.501	7%
Lidl		1.199	1.211	-1%
Mini Preço		903	897	1%






Source: APED

## Productivity per square meter

		2010	2009	2010 vs 2009
Pingo Doce		8.206	7.409	11%
Auchan		7.391	7.279	2%
Sonae		6.276	6.459	-3%
Lidl		5.246	5.408	-3%

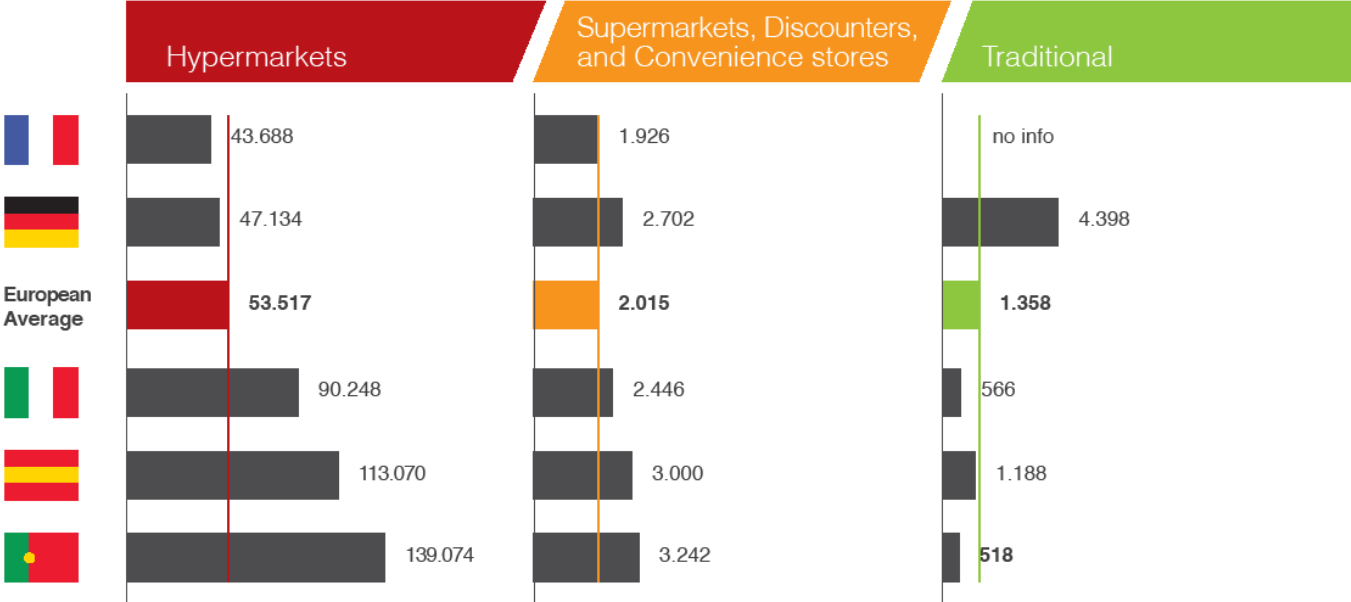
Source: APED

## Number of Stores

		2010	2009	2010 vs 2009
MiniPreço		524	506	4%
Pingo Doce		362	356	2%
Lidl		227	223	2%
Continente		170	154	4%
Auchan		32	31	3%

Source: APED

Number of Inhabitants served per each retail format | 2006



Source: Roland Berger

## Exhibit 8 – Amanhecer direct competitors

		# stores total	# stores LX	Area/store (sqm)	# workers/store	Private Labels
Amanhecer		26	12	15 to 400	4	Amanhecer
Coviran		91	3	80-300	1 to 3	Coviran
Meu Super		24	1	150-1000	10	Continente, é
Ten to Ten		5	5	100-200	6	-
Ponto Fresco		99	17	80-100	3	Several
Frescos & Cia		381	67	80-100	4	Several
MiniPreço		560	141	> 250	6	Dia
Alisuper		59	4	150-400	4	Up, Price Leader

Source: Amanhecer

## Exhibit 9 – Amanhecer private labelled products



**Exhibit 10 – Amanhecer store layout**



Source: Amanhecer



Source: Amanhecer



Source: Amanhecer



## **Exhibit 11 – Amanhecer stores location**

1. Loja da Baixa – Lisboa
2. O Lutador – Viana do Castelo
3. Mercearia do Chiado – Lisboa
4. Mercearias Criativas – Lisboa
5. Betinha – Albufeira
6. Doce Melancia – Lisboa
7. Mercearia do Rogério – Matosinhos
8. Sabores de Castelo Branco – Castelo Branco
9. Mercearia Extra – Lisboa
10. Sabores de Rodão – Vila Velha de Rodão
11. SuperBaleal – Baleal
12. Mercearia do Quintalão – São Tetónio
13. Mercearia da Aldeia – Sousela
14. O Bolonhês – Lisboa
15. Cesto Cheio – Funchal
16. Super Avenida – Àguas de Moura
17. Mercearia da Maria – Oeiras
18. O Moinho – Sobral de Monte Agraço
19. Super Cheio – Pêro Pinheiro
20. NordeSuper – Torre de Moncorvo
21. Supermercado Alves – Barril
22. Casa Félix – Vila Pouca de Aguiar
23. Supermercado Avenida – Pedras Salgadas
24. Mercearia do Metro – Lisboa
25. Quaresma – São Martinho do Bispo
26. Sabor & Companhia – Ponta do Sol