Passport

SUPERMARKETS IN PORTUGAL

Euromonitor International

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HEADLINES

- In 2018 supermarkets records current value growth of 3% to reach sales of EUR9.7 billion
- Grocery retailers continue to invest in the channel
- Strong commitment to price competitiveness and aggressive marketing activities help Pingo Doce maintain its leading position
- Over the forecast period supermarkets is expected to register a current value CAGR of 3% (1% at constant 2018 prices) to reach sales of EUR11.1 billion in 2023

PROSPECTS

Supermarkets Set To Remain the Leading Channel in Grocery Retailing

Supermarkets will likely remain an obstacle to the growth of other grocery retailing channels, especially those which do not focus on proximity to consumers. Beyond ongoing investment in new outlets in order to cater for consumer demand for proximity, the major supermarket chains are anticipated to continue to invest in aggressive marketing activities and maintain a strong focus on price competitiveness and product differentiation. This should enable supermarkets to remain the leading channel in value terms in overall grocery retailing.

Supermarket Channel Offers Further Potential for Growth

Operators believe the supermarket channel in Portugal offers further potential for growth and hence are continuing to invest in it. After opening its 100th outlet during 2018, Sonae announced that it will invest further in opening 70 new outlets by 2020, while ITMI - Norte Sul Portugal (Grupo Os Mosqueteiros) has embarked upon a EUR200 million investment programme which will see the group open 63 new outlets by 2020. For its part, Jerónimo Martins is set to open a total of 10 new outlets. Beyond these three main players, other supermarket operators are also likely to open new stores, with such significant investment likely to support the channel's further value sales growth.

Consumers' Purchasing Habits Forcing Supermarkets To Be Creative

According to studies published in the media, for example by the online newspaper Dinheiro Vivo, Portuguese consumers are buying fewer products but are spending more on each trip to the supermarket. Despite the channel's stronger value sales, operators are becoming worried by the decline in volumes and so are starting to get creative in order to reverse this tendency. New measures have included the use of sound to calm consumers and encourage them to stay longer, the absence of clocks for the same purpose, the introduction of leisure areas such as coffee shops and the creation of longer circuits in order for consumers to reach basic products.

COMPETITIVE LANDSCAPE

Pingo Doce Remains the Leading Player Thanks To Aggressive Marketing, New Outlets and A Focus on Product Diversification

While Modelo Continente Hipermercados' Modelo Continente and Modelo Bom Dia are undoubtedly popular and trusted brands, Pingo Doce and its namesake brand remained the clear leader in the supermarket channel in 2018. On the one hand, this can be attributed to Pingo Doce's aggressive price policy, while on the other it has benefited from ongoing outlet expansion, thus being able to get closer to more consumers. Nevertheless, it is through new services that Pingo Doce is seeking to excel when compared to its competitors. For example, its own industrial kitchen which makes takeaway meals for customers is in the process of launching a home delivery service so as to offers consumers even greater convenience.

Central Purchasing Unit of Itmi and Dia Portugal Fails To Bear Fruit

In 2015, ITMI - Norte Sul Portugal (Grupo Os Mosqueteiros) and Dia Portugal Supermercados, the owners of the Intermarché and Minipreço banners, respectively, decided to invest in a combined central purchasing unit with the objective of becoming more competitive. Nevertheless, Intermarché decided to terminate the agreement in order to redefine its strategic objectives in terms of purchasing. Rather than focus solely on price, Intermarché remains extremely committed to domestic production. As a result, the retailer felt the need to leave the central purchasing unit and create exclusive partnerships with local producers.

CHANNEL DATA

Table 1 Supermarkets: Value Sales, Outlets and Selling Space 2013-2018

	2013	2014	2015	2016	2017	2018
Value sales EUR million	8,531.2	8,680.6	8,887.8	9,164.1	9,412.0	9,720.8
Outlets	1,490.0	1,488.0	1,502.0	1,526.0	1,541.0	1,553.0
Selling Space '000 sq m	1,520.4	1,531.9	1,560.9	1,596.7	1,636.0	1,648.8

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Table 2 Supermarkets: Value Sales, Outlets and Selling Space: % Growth 2013-2018

% growth

	2017/18	2013-18 CAGR	2013/18 Total
Value sales EUR million	3.3	2.6	13.9
Outlets	0.8	0.8	4.2
Selling Space '000 sq m	0.8	1.6	8.4

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Table 3 Supermarkets GBO Company Shares: % Value 2014-2018

% retail value rsp excl sales tax

Company	2014	2015	2016	2017	2018
Jerónimo Martins SGPS SA	33.5	34.6	35.2	35.3	35.3
Sonae SGPS SA	22.3	22.3	22.7	22.7	23.0

ITM Entreprises SA	15.6	15.5	15.6	15.4	15.4
Auchan Group SA	0.9	1.1	1.6	2.1	2.3
El Corte Inglés SA	1.1	1.1	1.1	1.0	0.9
ParSuper - Serviços de Gestão, Logística e Participações, Lda	0.1	0.1	0.1	-	-
Grupo GCT	-	-	-	-	-
Others	26.4	25.3	23.6	23.5	23.0
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Table 4 Supermarkets GBN Brand Shares: % Value 2015-2018

% retail value rsp excl sales tax

Brand	Company (GBO)	2015	2016	2017	2018
Pingo Doce	Jerónimo Martins SGPS SA	34.6	35.2	35.3	35.3
Continente Modelo	Sonae SGPS SA	20.1	20.0	19.8	19.9
Intermarché	ITM Entreprises SA	15.5	15.6	15.4	15.4
Continente Bom Dia	Sonae SGPS SA	2.2	2.8	2.9	3.1
Pão de Açúcar	Auchan Group SA	1.1	1.6	2.1	2.3
Supercor	El Corte Inglés SA	1.1	1.1	1.0	0.9
Ulmar Supermercados	ParSuper - Serviços de Gestão, Logística e Participações, Lda	0.1	0.1	-	-
Ponto Fresco	Grupo GCT	-	-	-	-
Ulmar Supermercados	Grupo GCT	-	-	-	-
Ecomarché	ITM Entreprises SA	-	-	-	-
Modelo	Sonae SGPS SA	-	-	-	-
Modelo Bonjour	Sonae SGPS SA	-	-	-	-
Others		25.3	23.6	23.5	23.0
Total		100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Table 5 Supermarkets LBN Brand Shares: Outlets 2015-2018

sites/outlets

Brand (GBO)	Company (NBO)	2015	2016	2017	2018
Pingo Doce (Jerónimo Martins SGPS SA)	Pingo Doce - Distribuição Alimentar SA	388	400	409	412
Intermarché Super (ITM Entreprises SA)	ITMI - Norte Sul Portugal SA (Grupo Os Mosqueteiros)	164	163	165	168
Continente Modelo (Sonae SGPS SA)	Modelo Continente Hipermercados SA	130	130	131	132
Continente Bom Dia (Sonae SGPS SA)	Modelo Continente Hipermercados SA	52	77	96	100
Intermarché Contact (ITM Entreprises SA)	ITMI - Norte Sul Portugal SA (Grupo Os Mosqueteiros)	74	78	79	79
Pão de Açúcar (Auchan Group SA)	Auchan Hipermercados Portugal SA	9	19	25	29
Supercor (El Corte	Supercor SA	8	8	6	6

Inglés SA)					
Ulmar Supermercados	ParSuper - Serviços de Gestão, Logística e Participações, Lda	12	15	-	-
Ecomarché (ITM Entreprises SA)	ITMI - Norte Sul Portugal SA (Grupo Os Mosqueteiros)	-	-	-	-
Intermarché (ITM Entreprises SA)	ITMI - Norte Sul Portugal SA (Grupo Os Mosqueteiros)	-	-	-	-
Modelo (Sonae SGPS SA)	Modelo Continente Hipermercados SA	-	-	-	-
Modelo Bonjour (Sonae SGPS SA)	Modelo Continente Hipermercados SA	-	-	-	-
Ponto Fresco (Grupo GCT)	Ponto Fresco Supermercados, SA	-	-	-	-
Ulmar Supermercados (Grupo GCT)	Ponto Fresco Supermercados, SA	-	-	-	-
Others	Others	665	636	630	627
Total	Total	1,502	1,526	1,541	1,553

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Table 6 Supermarkets LBN Brand Shares: Selling Space 2015-2018

selling space '000 sq m

Brand (GBO)	Company (NBO)	2015	2016	2017	2018
Pingo Doce (Jerónimo Martins SGPS SA)	Pingo Doce - Distribuição Alimentar SA	400.6	414.2	425.0	425.8
Intermarché Super (ITM Entreprises SA)	ITMI - Norte Sul Portugal SA (Grupo Os Mosqueteiros)	321.9	319.9	323.0	326.1
Continente Modelo (Sonae SGPS SA)	Modelo Continente Hipermercados SA	262.6	262.9	271.7	273.9
Continente Bom Dia (Sonae SGPS SA)	Modelo Continente Hipermercados SA	57.7	90.5	117.1	122.6
Intermarché Contact (ITM Entreprises SA)	ITMI - Norte Sul Portugal SA (Grupo Os Mosqueteiros)	38.0	40.1	41.0	41.0
Pão de Açúcar (Auchan Group SA)	Auchan Hipermercados Portugal SA	12.2	19.4	23.7	26.7
Supercor (El Corte Inglés SA)	Supercor SA	13.0	13.0	9.8	9.8
Ulmar Supermercados	ParSuper - Serviços de Gestão, Logística e Participações, Lda	5.4	7.0	-	-
Ecomarché (ITM Entreprises SA)	ITMI - Norte Sul Portugal SA (Grupo Os Mosqueteiros)	-	-	-	-
Intermarché (ITM Entreprises SA)	ITMI - Norte Sul Portugal SA (Grupo Os Mosqueteiros)	-	-	-	-
Modelo (Sonae SGPS SA)	Modelo Continente Hipermercados SA	-	-	-	-
Modelo Bonjour (Sonae SGPS SA)	Modelo Continente Hipermercados SA	-	-	-	-
Ponto Fresco (Grupo	Ponto Fresco	-	-	-	-

GCT)	Supermercados, SA				
Ulmar Supermercados (Grupo GCT)	Ponto Fresco Supermercados, SA	-	-	-	-
Others	Others	449.6	429.6	424.7	422.9
Total	Total	1,560.9	1,596.7	1,636.0	1,648.8

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

Table 7 Supermarkets Forecasts: Value Sales, Outlets and Selling Space 2018-2023

	2018	2019	2020	2021	2022	2023
Value sales EUR million	9,720.8	9,791.3	9,911.7	10,012.2	10,117.3	10,227.4
Outlets	1,553.0	1,564.0	1,577.0	1,589.0	1,604.0	1,610.0
Selling Space '000 sq m	1,648.8	1,661.2	1,674.5	1,689.5	1,705.0	1,711.3

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources
Note: Forecast value data in constant terms.

Table 8 Supermarkets Forecasts: Value Sales, Outlets and Selling Space: % Growth 2018-2023

% growth

	2018/19	2018-23 CAGR	2018/23 Total
Value sales EUR million	0.7	1.0	5.2
Outlets	0.7	0.7	3.7
Selling Space '000 sq m	0.8	0.7	3.8

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources
Note: Forecast value data in constant terms.