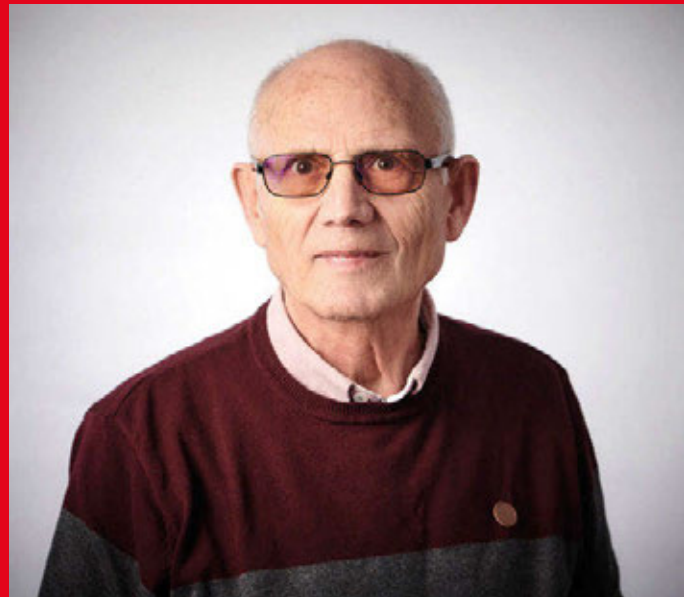


Enter Without Knocking

EROSKI, 50 years with you
1969-2019





This is a small sample of people who have been part of EROSKI's history, either as working partners or as consumer partners.





To view the stories of each of them, you just have to:



1. Access the option “Increased Reality” in the EROSKI application.
2. Focus on the image of each person.



Enter Without Knocking

Enter Without Knocking

EROSKI, 50 years with you
1969-2019





Artwork made by Belén Moreno for Eroski on the occasion of the company's 50th anniversary.



The ultimate reason for this book is society, the community of people within which we are integrated. The book is dedicated to this community and particularly to the part of society most concerned by what is written in these pages, Eroski's partners, consumer-partners and workers. These are the true protagonists of Eroski's history and those who shape reality, Eroski's and society's, with each of their daily acts.

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Artwork by Iñaki Artetxe for Eroski as a corporative gift in the 1990s.

This work has many authors: more than sixty people have contributed the thoughts that have created what in the end is an orderly composition. There could have been many more participants, but we have had to adapt to the inevitable limitations of a work such as this. All those of you who have been the protagonists of this history are inscribed in the memory contained in the words of this book.

But among those who have contributed to the contents we would like to warmly thank:

First of all, our friends who, from the outside, have given us valuable reflections on the issues that matter to us. From the outside, yes, but, as you can see, from a place very close to us.

Secondly, to colleagues, associates and friends in Eroski's trajectory. Some now dedicate themselves to other tasks while others are still active, but all share fresh and creative thinking and the desire to continue building a better future. The different ways of living and feeling Eroski have been reflected in different contributions, and all of them are true and have built this history.

We are especially grateful to Elena Sierra for her invaluable work in composing a coherent text based on the many contributions made by others while respecting their messages.

And we would not have been able to carry out this project if Constan Dacosta had not guided this collective work through its extensive journey, setting the course, encouraging the participations and ordering the whole.

Thank you all very much.

Foreword by Agustín Markaide

President of Eroski



An anniversary is a propitious moment to celebrate, remember, thank, reflect, project, and also, perhaps, to correct, amend or complete. Fifty years is a significant enough number to pause a bit longer than usual to direct all those views in the right direction and receive in return readings and messages for one's own consumption and, since we're here, why not, for general gain.

We have wished to collect in a book some of the lessons learned and reflections that we the people of Eroski have made over these years. We have also wished to open the book to the learning and reflections of other people outside Eroski, experts in areas and disciplines of great importance who have honored us with their contributions.

We have not wanted this anniversary book to be a biography, although it mentions events; nor a tribute, although the invitation to participate in it reflects the appreciation we feel for the contributing authors; nor a hagiography, or something similar, devoid of a critical sense.

We have preferred to give priority to reflection in the contents of this book, both our own and others' ideas on three important aspects of Eroski's life and being: the cooperative company, the food distribution sector, and the consumer, the recipient and the *raison d'être* of our action.

This book is, like Eroski itself, a collective work, and this can be seen in the result. There is no single way of looking at things, and not only because the book contains visions from very diverse people, many of them unrelated to Eroski and with different conceptual roots, but also because the debate on differences has been a hallmark of this cooperative and this has helped to reinforce a collective project built to withstand shocks, but which is also open to questioning that which already exists and helping it evolve.

For this reason, it should be noted that the opinions expressed by the authors represent their own opinions and do not necessarily represent Eroski's opinion on the matters dealt with.

All reflections start with the past, from experience that has ripened with time, but they take on greater meaning if they are projected into the future.

Now that we find ourselves, for a moment, in a temporary watchtower, let us look back to recognize ourselves in our history, and then take a step forward and continue to write new pages with what we have learned.

Foreword by Iñaki Gabilondo

Journalist



What Are We Going to Do?

We live in the society of bewilderment. Overwhelmed by the depth and speed of changes occurring around us and those we sense are coming, we human beings live in a state of distrust. We see that we are not facing a crisis but rather a “bundle of crises”, as Ignacio Ramonet says, both superficial and profound, which extends from economics and politics to customs and which has dissolved all certainties. Doubts haunt us in every field, and we no longer know how to spend money or how to invest or how to educate our children, or whether, in politics, we still belong to those we consider our own.

In all truth, it is not possible to live with a sense of perspective. The First World War was only baptized as such when there was a second war. The protagonist of Stendhal’s *The Charterhouse of Parma* wondered in bewilderment whether the battle in which he was participating, and in which he could die, was a minor episode or a historical event. Whether his side was winning or losing.

All human life takes place in a fog. And there is nothing more common and more often repeated than the belief that we are witnessing a decisive transformation. In fact, that’s how it is for each individual.

“This is an enigmatic age, a critical age. There are so many novelties that no one can boast of understanding anything,” said Paul Valéry in his *Discourse on History* at the Lycée Janson in Paris in 1932.

Today, globalization and new technologies have objectively made this bewilderment indisputable. Doors and windows all over the world, present and past, have been burst open, and in one click we can access everything. Faced with the immensity of possible knowledge, even the most educated accept that they are illiterate. When confronted by the labyrinthine complexities of the new computer tools, even the most skilled doubt their abilities.

I was fascinated by a sociological study commissioned by *Le Nouvel Observateur*, which surveyed a diverse universe of adults of both sexes, aged between 40 and 50, employed as teachers, company directors, etc., to find out how they were managing their encounter with new technologies. The magazine published one of the answers. I’ll sum it up. “They prepared me for one world and I live in another. The knowledge I acquired is of no use to me and I’ve had to rush to learn new skills. I’ve reached an acceptable level but I have the feeling that everyone else masters them better than I do and that I’m lagging behind. I try to

disguise my insecurity but I fear my flagrant masquerade will be exposed.” The report stated in response: “Relax. Everyone else thinks the same thing.”

It is indisputable that one world is dying and another is being born. We are still in full seismic motion, and it isn't easy to see things clearly from the epicenter of the earthquake.

We must even look differently at the globe itself. Our traditional axis, the Greenwich meridian, is now on the fringes. To focus any reference we have to move to Asia. The ex-minister Josep Piqué has stated this amusingly: we are now in the Far West. None of our a priori-isms are valid anymore, whether in geopolitics, geo-economics, or military geo-strategy. At the same time, with the whole universe unfolding before our eyes, there is no way to ignore the most troubling evidence, not that which threatens the planet, nor that which affect its inhabitants, including overpopulation, the chimera of infinite growth in a finite world, and social inequalities. Or the demographic bomb, which will create a nursery in the south, crowded with children, and a nursing home in the north, crowded with old people.

Add to this the scarcity of stable references of value. All formerly firm ground seems to be shifting, as if it were travelling from what it was to who knows what, as much the European Union as political parties, trade unions, churches, and even democracy itself, which could be said to be subordinated to the power of the new financial reality, that mass of invisible money that shoots back and forth above our heads at the speed of a touch of a button. Nor are there many moral references available that might serve as the board on which to surf all this turbulent sea. And those references that do appear, such as Pope Francis, soon collide with those who wish to bring them down.

Based on the evidence and our own intuitions we have constructed an infantile, fearful psychological space. Someone has pointed out the great paradox: never have human beings been simultaneously so skeptical and so gullible. We don't believe in anything and we believe everything.

It's not hard to understand why fake news flourishes in a field fertilized in such a way. We're a true treat for manipulators. Because it's necessary to warn that fake news isn't merely version 2.0 of the usual lie, now able to expand universally in half a second, but is acquiring the breadth and scope of an industry of its own.

Faced with the overwhelming new global reality, which brings uniformity to clothes, songs, customs, gestures and myths, like a steamroller that flattens everything, there is nothing more instinctively human than to seek refuge in the most welcoming place, the past, and in the warmest, the maternal bosom of the different localisms of community, family, region and nationality. A glance is enough to verify that the pendulum swing between these two trends,

transformed into a battle, is determining a large part of what surrounds us. And whichever the winner, if no reasonable balance emerges, will end up being a sad defeat.

We are aware that fundamental changes await us in all areas, even if we glimpse them only hazily. But I have the impression we are facing them inadequately. To begin with, because those changes are not going to arrive one morning with the turning of a calendar page. They are occurring now, at every moment, altering our daily lives. Does anyone remember the day and hour the barcode became part of our normality? And let us go further, for indeed, in the face of the enigmas of the future we are asking the wrong question.

What's going to happen? we ask each other, hoping the fortune teller will appear.

But settling into a comfortable fatalism is not just a little unworthy; it's a mistake.

The right question is: What are we going to do?

I have had the great fortune of meeting, at the best universities and research centers on the planet, eminent specialists in Artificial Intelligence, robotics, genetics, energy, astrophysics, oceanography...

I was surprised by their unanimity in imagining the future.

The formidable discoveries they were involved in were going to be decisive, of course, but ultimately they would be subject to human decisions. Even those announcing the possibility of surpassing *Homo sapiens* or of directing the evolution of our species, referred to paths that would be opened but which would be walked or not, or in one way or another, depending on variables of another nature. Variables, moreover, that are destined to face fundamental, moral, legal and political debates, which are going to turn our collective moral architecture upside down.

It was impressive to hear scientists, whom one might imagine cocooned in their fantastic isolation, proclaiming the need for a new humanism. And this sparked a sense of melancholy upon recalling what is happening in Spain, where we are simultaneously neglecting both science and the humanities.

In any case, in my encounters with these figures, an idea was affirmed in me that I think must be driven home, especially regarding discouraged young people:

The future is not written; we write it with what we do, with what we don't do and with what we allow to be done.

Foreword

by José Luis Larrea

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Eroski: Revisiting the Beginnings to Build the Future

Fifty years have passed. Fifty years in the life of a business project based on people and cooperation. The poet Pablo Neruda said that “someday, anywhere, anyplace, you will inevitably find yourself, and that, and that alone, will be the happiest or the bitterest of your hours”. The same could be said of organizations. Well, turning fifty is a good opportunity to find oneself, to examine oneself and to face the future with renewed strength. Surely there are difficulties, crises that threaten us; but these are still part of life and progress. Surely there are things that we do not like, that can be improved, but we must also value what we have been able to achieve, our experiences, our learning, which explains why we are here and why we have so much to say. At this crossroads in which we find ourselves, our surroundings are fundamental, because they condition our activity and make us reflect on the purpose of what we do and how we do it. This outlook leads us to look inwards, in an exercise in which revisiting the origin can be especially enriching to face the future.

We are living in a time of change and transformation. We have reasons to feel less and less masters of our destiny and we are surrounded by spaces of uncertainty. By not controlling what surrounds us, which is becoming broader and is moving faster, change appears as a constant of our time. This, which seems something new, was already observed by Heraclitus of Ephesus (550-475 B.C.) when he pointed out that “change is the only immutable thing in the world”. The internalization of change, as one of the axes of social development, also helps explain the importance of innovation.

Innovation appears as a clear reference from multiple perspectives, not only in terms of the most appropriate strategies to develop competitive capacity. Entrepreneurship, meanwhile, has become common in the discussion. Innovation and entrepreneurship are key to facing the future, both from a personal and organizational perspective.

Innovation, which consists of changing things by introducing novelties, needs to be accompanied by two fundamental elements: sustainability and utility. Sustainability is what takes us from the outcome to the process. We have not yet taken on this change in corporate, organizational and social culture. It is important to be flexible to adapt to changes that we have not been able to anticipate, but, above all, it is important to build a new culture of anticipative innovation. We need to set forces in motion rather than sell magic solutions. As Antoine de Saint-Exupéry said, “in life there are no solutions, but forces at work. You have

to create them and the solutions come.” Because, furthermore, innovation must be useful, it must add value if it is to be sustainable over time. In this way, utility and sustainability feed off each other.

On the other hand, there is no doubt that the figure of the entrepreneur has taken on special relevance; it is a figure that cannot be understood outside the framework of innovation processes and systems. In reality, a person is the first reference of a system of innovation and is the one who undertakes it. If the entrepreneur is the one who does new things, who is capable of transforming things by contributing value and, in addition, does so in a sustainable and sustained manner over time, we can say that each one of us is called to be an entrepreneur who can contribute in an important way to the development of the business project, to face change and to anticipate it.

The scenario of constant change goes hand in hand with globalization, technology and digital transformation. Globalization has always existed, but it is now perceived more forcefully than ever. Before, everything was more local and, in appearance, more known and stable. Now territories are expanding, interactions between different things are increasing, business models are transforming; new cultures, markets and ways of thinking must be taken into account. In the new scenario one of the challenges lies in the search for the necessary balance between the global and the local. The global must not become total, uniforming, the predator of the different. On the contrary, the more global the relationships, the more we need to reinforce the profiles of “the local”, of what distinguishes us.

The second of the trends that explain the accelerated change has to do with the unstoppable development of technology, where we perceive the impact of information and communication technologies (ICT). But this is only the beginning, given that important technological advances are taking place in the fields of materials and nanotechnologies, biotechnology and biogenetics (life technologies), clean energy technologies and cognitive science technologies. With an added effect: the potential of each is increased by the capacity to integrate with the others. Thus, technological progress manifests itself with a disproportionate force that we need to put at the service of people.

In the new scenario, the *connectivity* of everyone with everyone (social networks...) and everything with everything (the internet of things), the *accessibility* of everyone and to everyone (globalization), *mobility* (mobile phones, tablets...), the *ability to integrate and manage data* (Big Data...) and the speed at which everything happens, are key. This scenario projects an especially strong tension on the economic and social system, and the network of commitments we previously mentioned has now entered into crisis. We need to transform

commitments to innovate. This implies audacity and risk. It implies social innovation in the broadest sense of the word: innovation in politics, in the economy and in society. But without forgetting that the person, each person, is the main protagonist. As Protagoras (485-415 B.C.) would say, “the person is the measure of all things”.

But people are not isolated entities, they relate to each other and they do so through dialogue, which takes on a core role. It is not feasible to speak of progress without recognizing the existence of the other, without assuming that we are not alone, without daring to engage in dialogue. That dialogue with others, including with the planet on which we exist, is fundamental. Individuals’ dialogue with the planet underscores the paramount importance of the environment and energy. Awareness of resource scarcity, the perception that the planet is not infinite, that it may run out on us, informs the growing importance of environmental protection policies and the strategic nature of energy sources. The issue of sustainable development is becoming not only very relevant but also urgent for everyone.

Another fundamental dialogue that we have to face is the dialogue with the other inhabitants of the planet. We are all located somewhere on the globe, we are born somewhere in the world, and that dramatically determines our chances of living and developing as people. Not all parts of the world are the same. Some are more developed than others and have more privileges to defend. Others look at the “first world” and see a world of opportunities that they are denied. We must not forget that migratory movements are movements of other congeners of the species who seek to progress. The dialectic of one and the other, into which we must inevitably fall because we are one and the other is another one of us, needs to evolve from conflict to cooperation.

Demographic trends are not only important for understanding the relevance of immigration policies and explaining the fears of others, they also occur on a much closer plane. It is therefore crucial to address the importance of the substantial role of women, as well as the problems arising from the gradual ageing of the population. Lifestyles, behaviors, attitudes and values all influence how policies are deployed to solve this problem.

Dialogue also involves addressing the necessary evolution of the model of labor relations. It seems clear, and it will become increasingly more so, that the current model of labor relations has to evolve towards a more open model of socio-labor relations. Not only because of the impact of technologies on ways of working, but also because of the way the relationship between the employer and the employee is established. In this sense, the cooperative business model provides an unquestionable reference value for dealing with new scenarios.

In addition, the logic of evolution raises another dialogue, basic to progress, between younger and older generations. This is a matter of intergenerational dialogue. We need to deepen a real dialogue between young people and those who are not young, at the level of business and society, because it is key to the future. The leadership needed to progress and build a better future will come from the new generations who are better prepared than ever and whose minds are less conditioned by prejudices and contexts of the past.

In order to tackle the processes of innovation that will allow us to realize commitments at the service of a new stage of progress, we must overcome certain difficulties, which manifest themselves in the form of a “perfect storm” in which superficiality, stupidity and excessive ambition seem to have imposed themselves. Finding spaces in which to reflect on and deepen one’s understanding of the meaning of things is not easy in this context.

Questions about how to do something, which seem to demand quick answers, prevail over questions about what we do and why we do it. The empire of quick answers and, at least in appearance, those which are easy to carry out offers a world of promises in which nuances are brushed over and frivolity has free reign. We truly find ourselves in a context in which it is difficult to distinguish between the nuance, which is distilled from deep knowledge, and that which only appears to be ingenious. Another difficulty we have to overcome is related to excessive ambition and a lack of common sense, which have fostered a culture of bubbles — such as in the real estate sector — with serious consequences for society, where values like perseverance, consistency and hard work have been deeply affected.

The third difficulty we must face is the exaltation of stupidity. Bertrand Russell said that “the world is full of ignorant people who are completely sure of everything, and intelligent people who are full of doubts”. Since everything is superficial, the person who does things discreetly goes unnoticed, and so seems to be doing nothing. Thus, hand in hand with superficiality and ambition, stupidity has assumed a special role as a given. And in the face of stupidity we need intelligence, knowledge and learning.

Much has been said about the so-called “knowledge society”, as an evolutionary stage of the “information society”. To a large extent, this is the result of the recognition of the importance of knowledge for competitiveness. However, the challenge we face is in the “learning society”. In reality, knowledge is the expression, at every moment, of the accumulated result of our learning processes. From a transformative perspective, the relationship between learning and knowledge suggests, in turn, its close relationship with innovation processes.

Transformative knowledge, which transforms the person and the reality on which it is projected, is knowledge generated in a process of personal (individual) and social (collective)

transformation. The people who participate, who work in cooperation, produce a certain knowledge, at the same time as there is a transformation in them and in the reality on which knowledge is built. To the extent that knowledge is the awareness of things, of what we know about what surrounds us, that awareness is made through a process of transformation, learning, fruit of interaction with the environment. For a company, or any type of organization, its strategic approach, which will lead it to build its future, is based on growing its knowledge through learning. It is essential to adopt a model of transformation, innovation and sustainable development based on permanent, ongoing learning.

In this context, one of the determining aspects has to do with the need to put welfare and social cohesion at the center of our concerns, as a company and as a society, since this is the fundamental purpose of the actions of social collectives, increasingly concerned with the fight against inequality and with deepening their internal cohesion. This concern is manifested in relation to competitiveness gains and how to ensure business development and the economic development of society as a whole. But this approach, by now already classic, in terms of measured economic well-being, especially from the perspective of productivity, is insufficient.

The dominant theoretical approaches to competitiveness place special emphasis on the territorial perspective and the organizational perspective. Approaches are also made from the point of view of human capital, but they focus on its consideration as a factor or input for the development of competitiveness. However, the organizational perspective and the territorial perspective need to be complemented by the personal perspective of competitiveness. If not, the whole discourse is impregnated with a technocratic and functional language, in which the spatial perspective passes over personal relations and is anchored in a game of relations between organizational entities in which the rules of bureaucracy are imposed, which appear clear and efficient but which sustain forms of power, which do not take into account a logic of competitiveness at the service of the collective.

We need to enlarge the concept of competitiveness, placing it in a broader perspective. Some intuitions and considerations are of special relevance. The first of these places competitiveness “beyond GDP” in an expression that is already commonplace. On the other hand, new aspects appear that must be considered, including theories of behavior, the concept of resilience and the very definition of well-being. Together with these, it is enriching to approach the territory from a perspective that goes beyond the physical, as well as to consider the importance of the human dimension when dealing with competitiveness. A promising field is opening up that incorporates aspects related to values, the need to reinvent organizations and the importance of culture.

Frederic Laloux makes a suggestive incursion into the opportunity to reinvent organizations, inspired by the need to express the maximum human potential of the people who form them. On the other hand, the great paradigm shift “from market capitalism to collaborative commons”, to which Jeremy Rifkin refers, also suggests elements of reflection for a debate on the goal of welfare and social cohesion to be achieved through new ways of understanding competitiveness, placing emphasis on the role of the individual person. Competitiveness at the service of people’s well-being, so that competitiveness is not an objective in itself, but a capacity at the service of well-being. The need for a deeper understanding of competitiveness as a capability highlights the importance of values, knowledge, technology, leadership, cooperation and time management.

The new approaches to competitiveness from the perspective of the person, located in the business dimension, highlight the importance of the social dimension of the company and the evolution of its commitment to what has been called “corporate social responsibility”. The social dimension of the company has been a constant reference in our business environment, and has naturally accompanied the development of business projects. In this sense, the social projection of business activity could be said to be part of our cultural heritage, and is a characteristic element of the way we do business within our business framework. And this is even more so when we talk about a cooperative business.

In any case, the reference to ethical values is a constant in the approaches to the attitudes and behaviors that must accompany companies in the exercise of their activity. This issue has also been addressed in the *Manifesto for a Global Economic Ethic* developed by the UN in 2009. This is a clear interpellation that is made from the social context to all types of organizations. Beyond the considerations we can make about the real effectiveness of these appeals, which represent a fundamental commitment for business behavior and people, what seems increasingly clear is that every company, organization or institution must take into account this perspective as a basic element of its strategic positioning.

In short, we could say that we are living in times of change and transformation in which we feel the need to revise the paradigms — the models — with which we observe reality, with which we interpret and construct it through languages and ways of expressing what we think and feel. It is not exaggerated to say that the paradigms that have brought us here are insufficient to explain the present and plan the future.

It is not a question of abusing the expression “paradigm shift”, because used without meaning and wisdom we deactivate its power to mobilize reflection and action. A paradigm is the “theory or set of theories whose central core is accepted without question and which

provides the basis and model for solving problems and advancing knowledge” (*RAE*). The concept of paradigm, in its contemporary perspective, is formulated by Thomas S. Kuhn, for whom it would be “the set of ideas, techniques and universal laws accepted by a given scientific community at a given moment in history”.

From this perspective we could say that a clear questioning of the dominant paradigms is occurring, which reveals the limitations of the mental paradigm with which we approach reality and build the language to explain it. We are, to a great extent, prisoners of a spatial — territorial — paradigm constantly projected in everything we do, without taking into account, in its fair measure, the need to evolve toward a relational paradigm. The world we live in has exploded the asphyxiating influence of territory, of the physical (spatial paradigm), in light of the force of relationships (relational paradigm), but we are still explaining the world and transforming it through a material, spatial and territorial language. However, increasingly, things are explained, understood, transformed by way of relationships. This implies a paradigm shift that puts the person at the center and empowers him or her in a decisive way.

The change from a spatial paradigm to a relational paradigm can be observed in different spheres. Without wishing to be exhaustive, we may say it is present in the need to tackle new perspectives of competitiveness — which add the personal and relational perspective to the territorial and organizational perspective —, in the new political and governance frameworks — where territory loses weight in respect to relations —, in the influence of globalization processes — where the role of intermediaries is growing —, in the new ways of approaching the generation of knowledge — which reduces the distance between academia and society —, in the government of organizations and companies — which go from articulating themselves as hierarchical-functional asylums to establishing interrelated nodal networks —, in the way of understanding the economy — where, in Rifkin’s words, the freedom to share will replace property rights —...

This paradigm shift scenario is a great opportunity for an organization like Eroski, because it emphasizes the growing importance of substantive elements that are at its origin as a business project. Indeed, the competitiveness of the business project at the service of people’s well-being is one of its fundamental characteristics. A group of people who only understand each other in relation to one another, in cooperation, articulating business organizations based on shared values of respect for others and solidarity, with forms of government and organization that empower people, and with a leadership that is shared and relational.

On the other hand, the paradigm shift that is beginning to be perceived in the substitution of the principle of ownership for that of access to the use of things will have implications

of the first-order in how consumption and access to goods and services is understood. This paradigm shift, to which Rifkin refers, puts the focus on a cooperative way of understanding economic relations, where cooperative organizations have already made a lot of progress. In reality, the very creation and evolution of Eroski responds, to a large extent, to this paradigm of sharing. The influence of technology, which will be decisive in the new model by virtue of its power to influence people's behavior and the ways in which production and services are organized, is by no means alien to this paradigm shift. In this sense, although the value of relations and cooperation are key in the new scenario, it is no less true that we must be very careful to put technology at the service of the new model, otherwise its distorting power could be a great risk for an organization like Eroski. The world of logistics, distribution and consumption is already being profoundly affected, and everything indicates that this has only just begun.

In order to face these challenges, the commitment to transformation, innovation and entrepreneurship is fundamental. In this sense, entrepreneurship and learning go hand in hand. This is why it is strategic to lay the foundations of an organization that learns, but with the awareness that those who learn are people. As Ortega y Gasset said, "progress does not consist in annihilating yesterday today, but, on the contrary, in preserving the essence of that yesterday which had the virtue of creating this better today". This return to the origin is in the essence of every innovative process, even if it may seem contradictory, because the new answers are nourished by reflection on the old questions. The poet T. S. Eliot said that "we must not stop exploring. And at the end of our explorations we will arrive back at the place from which we left, and we will know it for the first time." This new knowledge, the fruit of learning, will be full of clues to tackle the transformation processes needed today more than ever.

In this reflection on a new future to be built, it is very important not to fall into what Donald Shull calls "the trap of active inertia". In analyzing the formula of company success he points out five fundamental keys: *processes*, how we do things; *resources*, natural, physical, financial... that help us to compete; *frameworks*, our way of seeing the competitive landscape; *values*, what inspires us, unifies and identifies us, and *relations*, which allow the links with external agents and between internal units to be lasting. These five elements form the map that leads to success. However, to the extent that this map solidifies and does not evolve, the trap of active inertia will emerge, leading to the conversion of processes into routines, resources into millstones, frameworks into blinders, values into dogmas, and relations into shackles. At that moment, the paths that led us to success now lead us to failure.

That's why it's essential to tackle processes of innovation, no matter how hard they may be. In this sense, I would like to highlight the inevitable sense of betrayal that accompanies every innovative process. In a certain way, to innovate is to betray, it means breaking with what was before. Processes of innovation take place between loyalty, necessary for it to be sustainable, and betrayal, necessary for it to be useful and competitive. This sense of betrayal not only occurs in the silence of the inner world of each individual, but is projected into practical realization. Because innovation is about acting, about doing. It is not just a speech, a well-constructed poetics, it is action. The paradox of being loyal in the exercise of treason will accompany our innovative efforts, but it will not be the only one. Thus, one must unavoidably understand and accept that crisis is at the origin of all innovation, and that it permanently threatens to devour it, like the god Saturn.

I said at the beginning that turning 50 is a good excuse to find oneself. In this encounter, the people who make Eroski possible have sufficient reason to feel satisfied with what has been achieved and to face the future with well-founded enthusiasm. An enthusiasm nourished by this visit to the company's origins, with a new perspective that is more enlightened, more aware, richer and more experienced. Fifty years of proud progress and of looking toward the future with the conviction that what has brought them here, conveniently transformed and innovated, will explain within fifty years the road travelled until then. Because, for a project like Eroski, the dream of eternity is possible.



Collection of prints created by Unai San Martín in honor of the delegates of the General Assembly.

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1

Regarding the History

Antonio Cancelo

President of Eroski (1969-1996)



gladly accept the invitation to introduce this part of the book published on the occasion of celebrating Eroski's first five decades, which leads me to reflect on the years, many years, so full of illusion, of searching, of commitment, of challenges, achieved and failed, in short, so full of life.

I identify with the writers who successfully narrate different aspects of this thrilling history, showing the strengths of a model full of originality, which must invent many of the solutions it provides because there are no external references on which to rely. I have to say that many of the authors are cooperativists, as they make clear, since their enthusiasm, their identification, the conviction with which they reinforce the validity and differentiation of the model, are evident in each and every one of their words.

The reader should not deduce from this passion that Eroski's history has been a continuous whole, one of constant progression, with each challenge being followed by others of greater magnitude, always applauded by a favorable environment that fully identifies with the values that have inspired this history. In these fifty years there has been applause, of course, but also obstacles, constraints and even stumbles that are the proof of the project's strengths, far beyond any literary gloss.

We must remember that Eroski arose out of the decadence of the model it was replacing, something that should not be forgotten when we reflect on the future. Consumer cooperativism has existed for more than a century, some Basque cooperatives for more than sixty years, and it has played an enormously recognized role in lowering prices and regulating weights and incipient quality. But this contribution began to be questioned the moment commerce began to organize itself, with the first voluntary organizations of merchants, sole retailers, common purchases, etc...

An increasing loss of competitiveness occurred and the cooperative was stunned to discover that, although it wasn't acting "for profit", its prices were no longer as attractive as they had been in times gone by. It was in these circumstances that those most aware within this cooperative movement realized the time had come to propose alternatives and in a meeting of about forty cooperatives from Gipuzkoa and Bizkaia three people were appointed to draw the basic lines of what would be a plan for the future.

The proposal that would result in Eroski's birth was characterized by the fact that it broke with known history and produced a new project, the main characteristics of which were:

- A single cooperative formed from those willing to merge. This was the first time that growth was produced by the creation of branches and not through new cooperatives.

- The merger would be made without valuing assets or liabilities. Later this would cause some problems, but if previous audits had been done, the project would have been impossible.
- Returns to consumers disappeared, the percentage of consumer members' purchases that was returned to them at the close of the financial year.
- The return for working partners was implemented, "proportional to the total amount of salaries, with a maximum participation of 30% of that amount or 40% of the profits".
- The existence of a "working community" was recognized and the partners join Lagun-Aro.
- The Asamblea de Compromisarios (Assembly of Delegates) was created, made up of representatives elected by territorial zones.
- The Governing Board, now the Governing Council, was made up of twelve members, ten representatives of the consumer members and two representatives of the workers. Months later, the Chairman of the Social Council joined the Board, with voice and vote.

Apart from these structural elements, other management elements deserve to be highlighted, such as the elimination of overtime and the disappearance of any extra pay for seniority because it was understood that what was remunerative was the job and, in a more colloquial expression, that no one should be paid for getting old.

The internal solidarity commitment had its maximum expression in the maintenance of a remuneration scale of 1-3, without any type of additional compensation, such as the 50% for dedication that managers received in other cooperatives.

This complex configuration encountered serious difficulties in being formally approved by the Ministry of Labor, following a report by the Obra Sindical de Cooperación (the Trade Union Cooperation Organization), whose legal adviser argued that we should either decide to make a consumer cooperative or a work cooperative, but that we should not insist on mystifications that did not fit into current legislation.

We learned then, once and for all, that laws end up reflecting social evolution, from which it can be deduced that changes come first and legal coverage arrives only afterwards. A new cooperative model was born in the form of Eroski with two cooperativised objects, the traditional one of consumer cooperatives, and that of worker cooperatives, a formula that in practice has had some presence at a national level, but none internationally, where it has not even been accepted at a conceptual level. However, for Eroski it was decisive to recognize the value of work, as an element of personal fulfillment and contribution to the development of society. From the worker's perspective, it is a matter of indifference whether power lies

in capital or in the users of services — traditional consumer cooperatives —, since in both cases he or she is simply an employee deprived of decision-making power.

Work as protagonist, together with the consumer partners, gave rise to a concept of ownership far removed from the usual canons and more closely resembled a kind of usufruct, since, once the corporate relationship is over, the possession is not transferred to any descendant and only the capital contributed together with the capitalized returns is perceived. At one point, a Nobel laureate in economics described the model as unfair because he felt that at the time of liquidation the amount should be updated on the basis of the actual balance sheet.

Throughout the constituent process and during the first months of its existence, the existence of the Caja Laboral was essential and decisive, without which the trip to Germany and Switzerland, preparatory to the final proposal, would have been possible, nor the elaboration of the first Statutes, nor the LTP (Long-Term Plan) that contemplated the objectives to be achieved and the means to achieve them in the period 1970-1975, the first five-year period in which the existence of the experiment was at stake. Caja Laboral had the legislative, organizational and financial knowledge that we still lacked in the incipient project.

It was urgently necessary to acquire the necessary knowledge to carry out a project that demanded a multitude of resources and this knowledge could only be acquired internally, since resorting to the market was prohibitive by virtue of the remuneration policy. Managerial remuneration was far below market standards, so internal promotion was resorted to. Many people made extraordinary efforts, outside working hours, to acquire the necessary knowledge to enable them to take on greater responsibilities.

This progress of people, based, on the one hand, on the company tie established in the statutes and, on the other, on the management model, even if not existing formally, already recognized the basic equality of all people and their capacity to assume growing responsibilities, two aspects that were essential in tackling the multitude of challenges the project had to face.

An example of the central role of labor and the subsidiarity of capital was evident twenty years after Eroski's birth, when development outside the original territory was addressed through the creation of public limited companies. In order to safeguard, as far as possible, the concept of cooperative work, a holding management company, GESPA, was set up, whereby employees were able to maintain a system similar to cooperativists, through their participation in the capital, management and profits.

The initial balance between consumers and workers in the governing body — ten representatives of consumers and two of workers, three if the president of the Social Council was considered — had worked reasonably well during the first ten years of life, but went into

crisis in 1980. There was a schism in the Governing Council and, within that body, between consumer representatives, with confrontations and disqualifications between the parties that generates a climate of tension and discontent. With time, the workers, concerned about the prevailing instability, demanded a greater presence in the conflicted body. Finally, new Statutes were drawn up, which were approved by the corresponding General Assembly, and the current balance was established, with equal presence of consumers and workers in the governing bodies of the cooperative.

The concern for the consumer, not as a partner but in general, is perfectly expressed in the article “Consumers: 50 Years of Protagonism”, which highlights a continued action throughout Eroski’s history from its very origins, with broad social recognition both within and outside our borders. But it must be acknowledged that it was difficult to make the transition from the interests of the consumer as a partner, more focused on issues related to the store, prices, range, service, etc., to those of the consumer as a citizen, i.e. everything related to policies to protect his or her interests.

The early 1980s were a period of legislative effervescence for the Spanish and Basque Parliaments. It should not be forgotten that democracy had just been established and the first steps were being taken to develop the autonomous communities. Everything had yet to be regulated and the political parties, likewise novices, were forced to learn at a forced pace. A propitious occasion presented itself to help define the type of society to be built and Eroski participated in this task through serious and enthusiastic work.

The approval of the Basque Consumer Statute contains a little-known anecdote. Once our vision of its content had been presented and accepted by the drafting team, it was approved by the Basque Governing Council, which drafted a radically different text, which was the one that was sent to Parliament for approval. The starting point was therefore zero, but intense, stubborn and well-argued work ultimately led the approved statute to be much more similar to the original text than that presented by the government.

The General Law on Consumers and Users, passed in Madrid in 1984, met with the frontal opposition of certain agents who objected to cooperatives being recognized as Consumer Associations. Some entities, such as the Unión Nacional de Cooperativas (National Union of Cooperatives), believing that the endeavor was impossible, created with the same members of the cooperatives an Association of Consumers, ASGECO. Eroski persisted in its efforts, convinced that it was right, until finally it achieved recognition.

Although there were numerous legislative actions (trade laws, tax statutes, cooperative laws, etc.), the approval of the first Basque Cooperatives Law was a significant event, as there was an essential question still unresolved but essential for the development of Eroski

on the eve of the opening of the first hypermarket in Vitoria: sales to third parties. Until then, consumer cooperatives were only allowed to sell to their members, an issue that had long been resolved in Europe.

The arguments in favor of authorizing sales to third parties free of any type of limitations were of great weight and philosophically irrefutable: one cannot force anyone to be a co-operativist, which would imply living according to certain values, when the only thing that person wants is to shop at a certain establishment, perhaps for the simple reason that it is nearby. Once the reasons had been accepted in principle, it was proposed as a counterpart that cooperatives should be obligated to invest 40% of their profits in bonds issued by the Basque government. The battle was long, tense at times, but in the end a law favorable to Eroski's interests was attained.

It would erroneous to assume that the successes achieved in these legal proceedings were due strictly to the skillful efforts of Eroski, for it must be acknowledged that no matter how strong the insistence and no matter how irrefutable the arguments may seem, without the receptiveness and good will of the politicians nothing would have been achieved, since social and economic agents can make proposals and insist on their validity, but in the end it is the votes of the parliamentarians that decide matters.

Apart from safeguarding its own interests, Eroski has always defended general positions in favor of the freedom of action of economic agents, without the typical limitations regarding the freedom of establishment, business hours, sales at a loss, etc., trusting that the citizens, through their own decision-making capacity, would end up defining with their acceptance or rejection what they really wanted. It was not easy and, on many occasions, this was not achieved because, in general, the defense of the already established prevailed — I believe it continues to do so now — against the new, against the different, and this despite all the proclamations in favor of innovation.

Intercooperation has played a crucial role in Eroski's existence, as is very well reflected in the corresponding article on the subject. And it seems that this was inevitable, given that the foundation of the cooperative is the most complete and radical example, its protagonists immolate themselves, guided by the belief that together we are stronger than we are separated and that to lose is a necessary part of winning. One must be generous to practice intercooperation, given that by acting in common one renounces a greater or lesser part of the autonomous capacity to make decisions. Here lies the greatest challenge and what has led to the failure of not a few attempts.

In general, the validity of agreements is analyzed according to how much I give and how much I receive and when the balance is negative criticisms of the project multiply and this

in spite of reference to the values in which one believes, such as solidarity, social transformation, a fairer and more equitable society. It is difficult, however obvious it may seem, to realize that it is a true privilege to be permanently on the side of those who contribute more than they receive.

With regard to lofty proclamations, which are sometimes defined as ends, a corrective coefficient should be applied to them: perhaps a good dose of humility, with the selfish aim of avoiding later frustration when, with time, we compare what we intended with what we have achieved. Cooperativism was offered unblushingly — not that of Mondragon's — as the third way at a time of global struggle between capitalism and communism to unseat the other.

It is enough to ensure that a small part of society can develop its activity in cooperative enterprises, acting with a social vision, with an ethical perspective, an emotional approach, a different economic scope and more in line with people's aspirations.

The newly constituted Eroski asked Caja Laboral to join it in association, as a precedent for what over time has become the Mondragón Corporation. In the first few years, contact was made with a consumer cooperative in Madrid and the possibility of creating a joint organization for joint purchases, joint editing of the consumer magazine, own-brand products and the exchange of information was immediately considered. Early on, the Bide Onera de Barakaldo cooperative was present, but it did not sign the Statutes regulating what was called ERCOP (Eroski, Coeba and a P for phonetics) and which remained in force until Coeba's disappearance.

In the 1990s, when development outside the original territory was considered, an attempt was made at an intercooperation project that ended in resounding failure. In need of investment partners to meet an ambitious investment plan, the possibility of participating with Eroski in its programmed development was posed to Eurocoop, a company that groups together consumer cooperatives in a larger area within the European Community. The answer was that none of the companies could by statute invest outside their respective countries. Formulas were later shown to exist, as Italian cooperatives ended up participating through the creation of a special purpose vehicle.

At the same time and with the same objective of joint development, the Eroski Group was created together with Consum, a cooperative society that at that time operated in Valencia and Catalonia. The relationship with Consum had already existed for a long time and reached its maximum expansion with the creation of the Eroski Group, with unified strategic management, even using the Consum brand and replacing Eroski in the supermarkets of this cooperative. The alliance lasted for about fourteen years.

I am moved by the strong presence of women in Eroski and have witnessed the progress that has been made over time. It is very remarkable that the Board of Directors has equal numbers of men and women, but it is even more remarkable that the reason for this is not in a policy of quotas, but in the capacity of people. In the beginning there was not so much sensitivity, although the principle of one person, one vote, without the influence of gender, of remuneration according to the job and, in short, the equality of people have been essential underpinnings of the project.

It should be remembered that during the first few years almost all the store managers were women and that most of them came to hold positions of greater responsibility, because of their knowledge and their commitment to the cooperative.

Regarding the Future

To say something reasonable about the future now that I am at a distance and separated from the project is, to say the least, risky. The essayists likewise avoid devoting much space to it, but my long commitment nonetheless forces me to address the subject and indeed it must not be avoided, despite my ignorance of the current situation and, in particular, of the last ten years, in which the historical curve has been modified, shifting from a long period of progress to one of regression.

The loss of market share, the drop in employment, the sale of assets and the accumulated losses are the only data within the reach of common mortals, and this through the mainstream media, clearly insufficient except to certify the evidence of a major crisis affecting 20% of the fifty years since the beginning of the experience.

If, as the article on the cooperative company claims, a company's success depends on two essential elements, a good strategy and to apply it properly, it can be deduced that the choice of strategies has not been a success and it's anyone's guess if this also so in their application. In these areas the capacity of decision depends on the degree of responsibilities held, that is to say, it does not concern equally all people.

In a model of cooperative company that understands the worker as one of its *raison d'être*, in which workers progress as they develop their professional activity, in which decisions are made democratically, in which capital lacks the capacity to make decisions, in which remunerations are much more equitable, in which people are equal in rights, in which women play a central and growing role, wouldn't one expect such a model to be much more efficient than any other?

And when we talk about efficiency, we are thinking about very basic things, such as sales per square meter, sales per person, rotation of assets, profitability, image in society, and so

on. If, despite the differentials of the model, reality shows that there is no such expected cause-effect relationship, it is clear that many things have to be rethought, including some relating to the model itself.

The future isn't going to be easy, but well, it never has been. There are very powerful competitors in the market and new ones are appearing that seek to position themselves from highly innovative proposals. Consumer cooperativism in the world is not enjoying its best moments and in most European countries it has lost the privileged places it occupied in the past. In spite of everything, however, Eroski has room to maintain a good position.

From a structural perspective, two axes can be considered that offer a certain weakness in their historical conception:

- Governing bodies.
- Financing.

The democratic election of the Governing Bodies, the Governing Council, is one of the essential aspects of the model, but requirements could be established for presentation as candidates. The function of government is complex and not just any kind of knowledge is enough. It seems unreasonable that there should be many more requirements for any management position, even at intermediate levels, than for access to the status of director.

Given the role that knowledge plays in business development, it would be a good measure if people with extensive experience in business management and proven successes throughout their professional careers joined the Board by decision of the Board itself.

With regard to financing, having as members people who depend exclusively on their jobs is a handicap compared to other models. It is necessary to look for new formulas that allow the incorporation of capital from abroad and that reinforce the autonomy of the cooperative.

With these two questions alone, there is sure to be a multitude of questions about the desirability of addressing issues that may affect the core of the model. It must be borne in mind that companies with strong ideological bases run the risk of becoming slaves to their past. The same legitimacy that protected and enabled the pioneers to break with the history that preceded them protects those who, today active in the cooperative, will have to do their best to safeguard the future. The changes that have taken place over the last fifty years have been many and far-reaching, and those that are on the way will be even more so, and thus thinking that something is immutable is a sterilizing belief. It is necessary to preserve what works and to change the rest, with the certainty that the passage of time shakes up all assumptions.

Beyond the structural, it will be necessary to take into account changes in consumer behavior, observing that behavior rather than analyzing the responses given in questionnaires. In contrast to what might at first appear evident, consumers don't seem to value too highly the ability to choose and that even abundance, rather than giving freedom, produces uncertainty, perhaps because of the number of choices one is forced to reject. Precisely knowing consumers' behavior and responding better than others to their expectations will continue to be decisive.

The role that Eroski has always played in defending consumer rights needs to be updated, complementing the traditional vision of a person who feeds themselves and cares about their health with the image of someone who is overwhelmed and fails to understand most of the things around them, from the infinitely small to the immensely large, from the technological advances one uses, to what robotics entails, or Artificial Intelligence, or how to deal with the enormous masses of information that constantly overwhelm them. If someone could help them to situate themselves, from a perspective of freedom, amid such a raging sea, it would contribute to realizing a priceless task.

Communication with society should be strengthened, highlighting the way in which Eroski is a different company, as can be seen in the articles in this volume. Many people in our society declare themselves in favor of reducing inequalities, for the differences between one group and another not to be so vast, for workers to be more than merely hired labor, for them to participate in decisions, for an important part of companies' profits to be capitalized, and so on.

Eroski contributes to all of this, to the improvement of society that is shared by such a large percentage of citizens, and it does so from the theoretical definition and from the practical exercise. A real consequence of these principles is that, whatever the level of profits, no one in Eroski will ever get rich, which is what happens in other types of companies. Although there is always a gap between what people say and what they do, it is possible that more extensive information, without false modesty, without disqualify other ways of doing things, accompanied by an excellent offer in the quality-price ratio, can produce a positive balance in how shopping decisions are made.

What is clear is that in no case will the future be a simple extrapolation of the past and that today's members have the right and obligation to build that future in accordance with their convictions, without feeling, in any circumstance, slaves to the inheritance received.

1.1

In Praise of the Cooperative Company

Emilio Cebrián

Social Director (2001-2017)

Eva Ugarte

Marketing Director

Leire Mugerza

Chairwoman of the Governing Council

Dominique Thion

Director of Eroski in France (1991-2011)

*A lot of little people, in little places, doing little things,
can change the world.*

Eduardo Galeano

Eroski's origin is consumer cooperativism. Eroski was born from the association of consumers. Integrating workers as partners was a later decision. And parity of consumers and workers in government came even later. But the truth is that, for most of our existence, two communities of partners have coexisted in the model: consumers and workers, who govern the company on a parity basis. A self-managed project that must harmoniously integrate two often opposed interests, but which sometimes can try to make them complementary: consumers and sellers; customers and merchants.

Over time, the visibility and recognition of the consumer partner among working partners has decreased, something neither anticipated nor desired. The reasons are varied and, among them, probably the most significant has been the progressive disappearance of the social needs and circumstances that propitiated the birth of the associationism of consumption. Society evolves, and although associative movements continue to be attractive to a large part of the population, the fact is that associative concerns are now directed towards other areas (cultural ones, sports, NGOs, pseudo-political movements...), to attend to other needs and for other purposes, many of them possibly with a lesser intention of social transformation.

We must highlight, however, the very significant contribution Eroski has made to the basic goal of "social transformation" that gives meaning to cooperatives. This has not only involved allocating economic resources, as all companies, cooperatives and non-cooperatives do today, to improve the socio-economic environment in which they participate; nor solely in generating employment, nor in carrying out business activity with responsibility and respect for the environment and for local products, although all this too. The social transformation to which we have contributed is "making a cooperative company". To help improve reality not only to achieve noble goals, but also to conceive social innovation as a permanent process of change; an orientation towards improvement derived from its socioeconomic model, its formal requirements and its ideological foundations. An approach, not without a certain utopian vision, to contribute to the permanent development of the society in which it operates, with its own way of understanding society and with this to exercise a useful and coherent way of acting.

If we look back, we can say that, fifty years ago, the way we functioned was an education in democracy — one person, one vote. Eroski was then, as it is now, a democratic and solidarity-oriented culture, at a time when nothing similar had yet appeared in our surroundings, which was still mired in an authoritarian political, family and cultural regime.

Our main strength lies precisely in this business model, which gives us a degree of legitimacy and coherence unattainable by the rest of the non-cooperative companies despite the major investments they make in boosting their image.

We live in a competitive market and in order to obtain from the cooperative model an additional strength to bolster the correct strategy, so that it is a decisive lever in competitive differentiation, this model must be embodied in the strength of its partners/members. By valuing and taking pride in what empowers us and makes us better and different, our identity, and with it our competitiveness, is reinforced. Eroski contains within itself all the ingredients to continue being, in the approach of social transformation that first gave it meaning, a leading

company of recognized fame.

OBJECTIVE: SOCIAL WELL-BEING

Cooperatives today have a new opportunity to bring prestige to the concept of social economy, in line with the idea that the human being is not simply a means. If the company is, as they say, a human adventure, it is even more so in the cooperative dimension, in which those in charge embody, transmit and constantly adapt social and moral values in their daily lives. There is a social welfare project behind the work, not a stock exchange listing, the interests of a family owner or the performance of pension funds, but rather the social return. There is a project of corporate well-being; capital is at the service of the company, of the workers, and not the other way around. There are criteria of equity and a fair proportion in the social and wage situation.

The women and men who work at Eroski are aware of all this, that to cooperate is to show solidarity, even with those we do not know.

The success of a company requires two essential elements: a good strategy and its proper implementation. To move in the right direction firmly and decisively. Cooperative status does not supplant either of these two elements. The business model, cooperative or not, does not per se grant success. It is the people, the teams that govern and direct the company, who either wreck a successful strategy or redirect a misguided one. If people do not promote it, do not develop it or do not commit to it, the strategy simply fails because it has not passed the stage of that which is theoretically good. This requirement is doubly necessary if, as in our case, it is a service company with millions of customers to respond to and take an interest in.

The cooperative is a very powerful system of participation, of collecting opinions, of extended training, which favors the integration of people in the strategy. People

come to own the company. The member/partner condition makes it necessary to provide explanations and address discrepancies. This makes it easier for an individual to participate in the strategy. And that's what it's all about.

And our leaders know this very well: the people they interact with are partners. Whoever leads a company like this should know that those who work in it have the power to decide on issues that are very relevant to the running of the business, economically and entrepreneurially. That gives the company a very strong personality.



Members of the Governing Council, 1986.

In the cooperative model people can develop, better than in other models, the motivational elements of higher rank, those less tangible but more powerful: participation in work, personal development and the sense of self-responsibility, teamwork, commitment to others, solidarity ...

The legal form demands all this and the internal regulation must make it possible. And although legal status on its own is not enough to make the model “emotionally cooperative”, it must be conceded that it is decisive and essential for this. In a cooperative company, government and management, i.e. decision-making processes, the exercise of authority and power, access to information, etc., are necessarily carried out in a more inclusive way compared to other companies and this, in itself, grants greater potential.

But legality alone is insufficient. Very often, internally there is the perception that the “cooperative condition” appeals to the most sublime, ideological and emotional part of the partner/members and that that simple condition should simply be noted (and demanded); something along the lines that by the mere fact of being baptized one is already a fervent lifelong practitioner.



Preparatory meeting of working partners, 1979.

The condition of cooperative company must permeate the development of what in the capitalist model is known as “labor relations”. In the cooperative model it is necessary to aspire not to have the best labor relations (expressed in advantageous conditions), but to have a permanent framework of mature and responsible labor relations and, if these happen to be better than others, well then, wonderful. Mature and responsible labor relations are the result of the involvement and participation of their protagonists in them, a demanding participation in which it is necessary to be able to reconcile the common good (everyone’s company) with legitimate individual interests.

Participation is, in our experience, one of the most powerful manifestations of the cooperative model. In environments where participation exists and is encouraged, the best expressions of responsibility and commitment manifest themselves. Participation is an inexhaustible human aspiration, although it is sometimes demanded without awareness of the commitment involved (participation without commitment is not participation). Even so, as stated, participation in a cooperative should not be reduced only to capital, governance and results. It goes further. Because people aspire not only to make things fair and equitable in a

broader, global sense, we also want to participate in making this a reality at the closest level, we want to identify what our contribution means and be able to singularize ourselves within a collective project. Democracy is more than voting for the representatives who govern at any given time.

Responsibility, a characteristic that can be demanded of a member of a cooperative, is achieved by granting the necessary space to exercise it. And enabling the processes for it to happen. It's not a permit, it's a right. Individuals and teams act responsibly when, in addition to demanding it, they can exercise it and that responsibility is respected. In this respect and especially in recent years, we have shown abundant signs of this maturity. In the aftermath of the 2008 crisis, we have shown that this self-responsibility is neither coincidental nor spontaneous.

Evidently there are degrees and even contradictions, but the cooperative model in Eroski has tried over time to advance and make good these three distinctions:



At present the model needs to be improved, more so in some aspects than in others. The need for improvement, however, doesn't mean it's weak or anachronistic. The cooperative company responds to a design full of deep aspirations that will never disappear. In Eroski, frustration also arises when the formulated ambitions are not achieved, but the real failure would be to stop trying.

The project to "cooperate" the group confirms our definitive choice in favor of the cooperative system: we intend to legally and functionally transform into cooperatives those capital companies in which Eroski has a stake. A cooperative group offers at least two virtues: a tested validity and a homogeneous cultural register around the entire perimeter. Not only do we know the conditioning factors and the process to effectively implement it, but it has also been shown how authentically mobilizing and successful the model is outside Eroski's historical borders. We must maintain the goal of bringing the cooperative model to our entire

perimeter, learning from the past and therefore choosing the right time for transformation.

Looking to the future, we must review the model with regard to the relationship of the cooperative company with the partner-client-consumer. In the new times the company must not reinvent itself from within, rather the re-invention, the deepening of the business model, must arise from our customers, from their aspirations and expected benefits.

Our position is radically favorable to the cooperative company also because the closeness and interest for cooperative people, from store teams to managers, connects well with this new partner-client-consumer. Because the strategic positioning we are building in Eroski, with a focus on differentiation, will be easier to approach thanks to the company culture, because the teams that make up Eroski feel this way and strive in favor of it.

In short, a different company, a company based on satisfied people, whether consumers or workers, builds competitive advantages from this position, choosing those lines that make us the preferred store to shop.

ENTREPRENEURIALY SUSTAINABLE

A Cartesian mind would say that there is no cooperative if there is no company first.

Experience shows that it has always been this way. To convince oneself of this, it is enough to refer to the experience of European consumer cooperatives and to assess to what extent the cooperative status does not in any way exempt these companies from being in the market and, moreover, from being able to respond with relevance and speed to the expectations and mutations of this same market.

For a long time, the consumer-customer has no longer been prepared to ask whether a difference might exist between a 'capitalist' store and a 'socialist' store at a given moment, in the sense of a different social organization in terms of the relations between the company and its employees, its customers (consumers) and its economic and social environment.

Moreover, cooperatives must commit themselves to carrying out these evolutions earlier and more decisively than a non-cooperative business; for there is no doubt that, in these situations, the cooperative status, which carries particularly strong social and human values, creates an antagonism between the necessary measures to be taken and the effects of these measures on its values.

Also, like any business, the cooperative will only survive through the indispensable pursuit of its economic performance. The latter enables it to guarantee and maintain its financial independence, which is a prerequisite in the quest for a different social organization. This requires being and remaining competitive and constantly seeking the necessary profitability.

In order to fight and survive in an economic environment that is overwhelmingly, if not exclusively, liberal and capitalist, the almost obsessive orientation towards results must be all the more marked since it is a question of preserving and improving a collective and intergenerational heritage.

Therefore, the model should be tirelessly "cooperative" in the social organization of the company, and implacably "capitalist" in its economic-competitive struggle.



General Assembly, 2015.

It is common for the people involved to take pride in the company, feel pain at the bad moments and satisfaction for its achievements. This makes us stronger to face a better future.

Singularities of the model

The particular structure and composition of our governing and management bodies has allowed us to achieve important milestones in our history. And fundamental to this success has been the self-management of worker and consumer members. We are talking about people; indeed, what characterizes us, above all, is that the person is at the center of everything. This is the core element and what differentiates us when we compare ourselves with other companies — we all possess strategy and leadership capacities and, when talking about cooperatives, the familiar and direct treatment, the promotion of participation, continues to be what differentiates us.

Turning the person into the essence of the project is not achieved by a simple statement, but by facts maintained over time. In good times and bad. Each collective chooses with their votes and for a limited period the people who will govern, and once constituted, govern for

SOME FEATURES OF THE COOPERATIVIST

The cooperative format produces generous people. Returning to society part of the company's profits is experienced as something entirely natural. As are contributions to the Mondragon Corporation funds. Little debate is given to these outflows. This also holds true for such things as the support for local producers that store teams have to a certain extent demanded and encouraged.

Eroski's cooperativists speak in the first person plural, it's rare to hear anyone use the first person singular (I, me). It's a cultural thing and hooks you. We are part of a collective project.

Cooperativists are critical, based on their knowledge and responsibility. They understand the debate, criticize, build. Here, it's not common to hear people say "what's happening?" but instead "what should we do?". This is the fruit of a culture of participation that leads senior management to meet with even the most recent partner and speak with them in person to generate something better that includes everyone. This is something exceptional in the business world.

In the cooperative territory everyone approves the main social intersections and ratifies the management of the company. There have undoubtedly been more critical periods in our history, but the most recent history, marked by the crisis, tells us that the working partners have been responsible, mature, and highly generous in a collective way. Voting takes place, and even regarding difficult matters that affect one's individual economy, broad majorities have been obtained that have facilitated the reallocation of resources and the redirecting of results.

Most members of this community are proud to build and share this culture.

the good of the cooperative and not the interests of one type of member. United for one goal: to leave, after his or her mandate, a better cooperative for the future. A cooperative that adapts to the times, to the rules of the market that operates, but without losing sight of the purpose for which it was created. An Eroski of owners who contribute their time and work to satisfy their client partners, while contributing to a more balanced distribution of wealth. Everything we generate as a company is distributed to reinforce the project, reward the working partners and act in solidarity with the surroundings.

In times of crisis, in transcendental decisions, members have always opted for the collective interest over individual interests, making it possible to generate greater profitability in the company with the aim of reinvesting it in the cooperative. And this rests on maintaining and respecting the independence of each governing body of the cooperative, encour-

aging constructive criticism and listening to questions that are in favor of the collective project, even when times are favorable.

People who agree to contribute their work and time to this model should be aware of where they are. The objective must be to generate sustainable business projects to distribute wealth, decisions must be coherent and focused on the benefit of the collective and not



Members of the Governing Council, 2015.

individual gain, although this makes it sometimes difficult to understand them. Cooperatives are not instruments for owners to become shareholders who are merely looking to get richer each day individually. An unsustainable business company does not have a future, but a cooperative without cooperativists does not have a future either; a management of the cooperative must always find the balance between both parts. The need to seek this balance makes it a more difficult project, but it also makes many people feel part of that different way of doing things that goes beyond the profitability of capital, a way which is oriented towards social transformation and whose values coincide with those demanded by today's society, with more social justice and much more solidarity. That value, which goes beyond the material, is what makes the difference. Making this a reality must be what differentiates us from other existing alternatives to work and shop.

The Differential of the Cooperative Company

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A prefacing note

In this article we are going to look at the cooperative business model. What does it mean to be a cooperative company? What are its main characteristics and signs of identity? Or, to put it another way, what is the difference between a cooperative company and other types of companies? What difficulties and challenges does the cooperative model face? Is it an obsolete formula or, on the contrary, one with a promising future? These are some of the questions that have guided our thoughts.

Before entering into the bulk of the analysis, we would like to point out two considerations to better understand and frame the focus of our article.

First of all, we need to specify which model of cooperative company we have taken as a reference for carrying out this work. Cooperativism, far from being a homogeneous model, contains very diverse expressions and practices. We have opted for the Basque cooperative model as an object of analysis in order to delve into the keys of the cooperative company formula.

Why? First, because of its worldwide referentiality, and second, because Eroski, in addition to being part of it, responds to this way of understanding and practicing cooperativism. In this way, the analysis we offer in this article aims to be valid for framing and understanding Eroski as a cooperative company and to offer some keys for all those seeking an inspiring reference model in the cooperative field.

Secondly, we shall use as our starting point a certain idea of a cooperative company: cooperatives are socio-company projects. What does this conception imply? On the one hand, that the cooperative is a company, and therefore must inevitably respond to the requirements of the business logic applicable to any type of company. On the other hand, however, it is a different way of doing business, based on a series of values that transcend a simple business concept. Indeed, cooperatives are companies that combine profitability and business efficiency with the practice of values such as solidarity, democracy and commitment to the surroundings.

Based on this definition, the work presented below focuses on those characteristics typical of this way of understanding and practicing the company, taking the Basque cooperative model as a reference for analysis.

Characterization of the cooperative business model

The cooperative as a balance between business efficiency and cooperative values

There is something consubstantial to the cooperative company formula: the need to constantly combine different, at times opposed, features. The balance, the synthesis of different elements, is in the very definition of the cooperative. We find the clearest expression of this characteristic in the fact that it is necessary to articulate the balance between business efficiency and cooperative values. This is a complicated exercise, which always requires attention to the demands of business and the implementation of cooperative values. Difficult, no doubt, but probably one of the most significant contributions of the Basque cooperative business model. The verification, in practice, that it is possible to be an efficient and sustainable company over time, maintaining and practicing a series of ethical values.

In this sense, cooperatives, with their achievements and limits, are a practical and real testimony of the effort to humanize the

economy and the business environment. We emphasize here what is practical and real. Because cooperativism does not remain a mere declaration of values, but rather develops concrete mechanisms for their operationalization. And it seems to us that this is a valuable contribution. The practice is always more imperfect than the ideal, but it is there where the idea acquires its true value.

In the future, cooperatives will have to continue to combine the balance between business and cooperative in an increasingly complex and demanding scenario. The cooperative company model faces a double challenge. On the one hand, business sustainability is at stake more than ever. In the current economic scenario, the primary challenge is undoubtedly to continue to build business projects with solid foundations (businesses with greater added value, progressive financing, increasingly qualified workers...). This is a far-reaching mission.

But the cooperative model also faces a second challenge that we cannot ignore: to nourish and reinvent the cooperative. The cooperative company needs to continue working and updating the values that define it. Even more so in a social context that demands innovative and more humane proposals in the economic realm. Without nurturing the cooperative, there is a risk of dilution and loss of identity. Furthermore, in a context in which intangibles are becoming

very important in the business world, working with a cooperative identity can provide a competitive advantage over other business models. We believe developing cooperative qualities is decisive in the building of solid companies. The second challenge is, therefore, to deepen and strengthen the cooperative differential and promote social-business projects with identity.

The cooperative as a democratic business practice

One of the most evident differentials with respect to other types of companies is the democratic character of cooperatives. The cooperative model implements the practice of democracy in the sphere of business, and places the power of decision in the hands of the protagonists (workers, consumers, users, etc.). Because of this approach, capital, contrary to what happens in most companies, no longer has sovereignty in the organization. How does this manifest itself?

First of all, in a specific democratic architecture. Cooperatives exercise direct democracy through the general assembly, made up of all the members; and representative democracy, through delegation to governing bodies, whose members are democratically elected by the members.

Secondly, in the concept of partner-worker, which contains a double condition: it implies being a worker and

co-owner of the company at the same time. In worker-partner cooperatives, such as Eroski (an unusual arrangement in consumer cooperatives around the world), worker-partners are involved at all levels of the organization: in ownership, in results, in the workplace and at the institutional level. In fact, cooperatives offer us the possibility of developing a model of integral participation in the field of business. Uniting institutional decision-making capacity with the possibility of promoting participatory management models in the organization of work, it becomes feasible to develop a model of complete and coherent participation, which integrates participation in decision-making and participation in daily work. The “way” we work has the power to endorse and reinforce democratic principles, or vice versa.

Democracy is unusual in the business world. In this sense, even though it is an imperfect practice, the contribution made by cooperatives in applying democratic logic in the economic sphere is important. In addition to the value and innovation that democratizing the company has in itself, from a more global perspective, bringing the idea and practice of democracy to the economic-business sphere is an important step towards a broader paradigm of democracy that encompasses, beyond public life, other fundamental areas for the development of human beings and society.

However, cooperatives are complex organizations, and the practice of democracy has its limits and difficulties. The ecosystem of cooperative governance requires quality democracy, combining participation with efficiency. Cooperatives face major challenges in the practice of business democracy. We shall discuss some ideas in this direction.

On the one hand, it is necessary to renew and innovate structures, adapting them to the size and characteristics of each cooperative. Creativity is needed to innovate the institutional framework, the existing channels of participation. On the other hand, however, beyond a formal structure that makes democracy viable, it is essential to work on cooperative culture and leadership. Perhaps this is where cooperatives show the greatest shortfall. It is necessary that social and governing bodies understand and play their role in this ecosystem in keeping with a cooperative leadership. In order to achieve this, training is fundamental, both in technical and human aspects. In addition, it is very necessary to strengthen the sense of belonging and the concept of partner as co-owner of the company: a trained and informed subject, aware of his rights and responsibilities in the development of the partner-business project. In short, to work towards a participative culture, based on co-responsibility and strengthened through cooperative leadership.

The cooperative as a person-based organization

Who hasn't heard that companies are people-based organizations? Today, all business models are identified with this definition and, without a doubt, companies are living organisms whose main element is people. But what does this mean in a cooperative business model?

We must remember that the main impulse of cooperativism was to create business and organizational structures that responded to the dignity of the person. The person and his or her dignity are placed in the first rank. From this concern, the cooperative business model was developed, with the intention of responding to the needs of people, through their involvement and protagonism, in cooperation. We could say that in the cooperative model people are the driving forces, the protagonists and recipients of economic activity. It is from this point of view that the centrality of the person in the cooperative model has been understood.

On the one hand, there is a certain idea of person or subject in the cooperative conception: free, mature, protagonist and cooperator. Cooperatives are only viable on the basis of a profile of a person who decides to take on the responsibility of carrying out, in cooperation with others, a collective project. In this way, the

cooperative, beyond a legal or organizational formula, is above all a culture, a way of doing and understanding the company led by subjects, which has to be constantly nourished. We are radical in this assertion: there are no cooperative companies without cooperativists.

On the other hand, historically the cooperative paradigm, despite its limitations, has contributed to respond to the needs and development of human potentialities. It has been a valid response to meet immediate material needs; it has contributed to the self-emancipation of people through the promotion of economic models based on the idea of democracy; it has invested resources in the training and promotion of people; it has been sensitive to social justice and promoted ways of doing things based on solidarity... But what are the aspirations of the subject in cooperative organizations in the 21st century? Are cooperatives capable of responding to what people demand in this historical period?

Cooperatives should be at the forefront of the humanization of business, in tune with current human and social aspirations. We are still far from this horizon, but we believe that the cooperative business model is very valid for moving in this direction. This means being sensitive to the development of the capacities and opportunities of the people involved in the project and

courageous in the proposals. In projects in which people are at the center, special care must be taken to ensure a sense of justice towards them and to provide individual care, because if not, the whole paradigm may wobble no matter how beautiful it is. Scrupulous respect for, care and cultivation of the individual as a unique being is a good way to strengthen the collective, even if this may seem paradoxical.

To enable and promote a person's self-fulfillment at work; to promote effective equality in relations between men and women; to make progressive proposals to help conciliate personal and working life; to guarantee dignified working conditions that make it possible to develop a life project and new ways of organizing oneself at work; to be mindful of the human dimension in relations between management and collaborators; to work in the recognition and development of people... could be elements that make cooperatives humanistic organizations. These are attractive projects for new generations who seek to connect work with personal development motivations and social objectives.

The cooperative as a practice of solidarity and intercooperation

If we go back to the genesis of the Basque cooperative movement, we find that one of its main driving forces was a desire for

social justice. Cooperativism aspired to contribute to the development of a fairer and more equitable society through the creation of democratic and supportive companies. In this sense, it can be said that solidarity is one of the pillars of the cooperative movement at a world level, and it is verifiable an innate tendency towards association exists in cooperative proposals.

We talk about solidarity, and above all about articulating solidarity, making it tangible, through real mechanisms in the field of business. Perhaps the most advanced expression of this vocation can be found in the concept of intercooperation: cooperation between cooperatives.

In this sense, the Basque cooperative movement and, more specifically, Mondragón's cooperativism, is a world reference in terms of the practical development of solidarity and intercooperation. There has been a great deal of institutional and organizational creativity in this area, and concrete and innovative mechanisms have been developed, such as: concrete formulas of retributive solidarity; grouping between cooperatives and creation of superstructures for the strengthening of the group; common funds to attend to the needs of cooperatives (both to compensate for losses and to promote new investments); mechanisms for the relocation of excess personnel between cooperatives; formulas for the reconversion

of economic profits (annual redistribution of profits between cooperatives)...

Undoubtedly, a singular characteristic of Basque cooperativism is the fact that it has granted intercooperation a strategic character. Beyond its contribution as a practical application of the idea of solidarity, it has been a determining factor for the entrepreneurial development of cooperatives.

However, we must emphasize that the practice of solidarity and cooperation is not simple. It involves combining common rules and criteria with the sovereignty of each cooperative (articulating the autonomy and individual interest of each cooperative with the collective interest of the group). It necessitates generosity and maturity: a high degree of correlation between solidarity and (self)rigorousness. It requires constantly nurturing identification between cooperatives to sustain the practice of solidarity. But it is unquestionably a differential of the cooperative model, an innovative practice and also a strategic element that makes cooperative ecosystems more resilient to business and social contexts.

Cooperatives as deep-rooted companies committed to their surroundings

Cooperatives are partner-business projects rooted in their own configuration. The decision-making power and capital of the company belong to its members/partners,

and these in turn are part of a particular geography. In contrast to the behavior of capital that is relocated without much consideration, cooperatives are business proposals rooted in a territory and committed to its development.

Commitment to the surroundings and a vocation for social transformation are an intrinsic part of the cooperative company. In fact, Basque cooperativism cannot be understood without taking into account the fundamental transforming vocation of this experience: the objective of building a fairer society through the creation of cooperative companies (based on worker ownership and committed to the surroundings). Cooperatives have been conceived as organizations that are born from within society and with its impulse, to revert back into it.

Among the contributions made to society, it is worth highlighting the firm and generous commitment to cooperate in key sectors of the economy (industry, consumption, savings, education, research, etc.), making the cooperative movement an important engine of economic development; the prioritization of job creation and sustainability over other criteria for maximizing capital; the solidary distribution of the wealth generated, and the economic support systematically offered to social, educational and cultural initiatives through social funds.

On the verge of entering the third decade of the 21st century, the world is undergoing constant change and new challenges and needs arise that must be addressed. It is important to renew oneself and to project cooperativism as a movement that constitutes an alternative before the new economic, social and environmental challenges. In other words, to reconnect cooperatives with the major issues demanded by this historical cycle, and to move in the direction of building a better territory from concrete practices.

The commitment to transforming society should be a central concern of cooperatives and they should provide the means to move in that direction. Making the work carried out in this field visible, establishing specific objectives in strategic and management plans, exploring advanced ways of involving partners in social projects... can be interesting elements to work on. On the one hand, cooperatives would gain greater social recognition; and on the other, the pride of belonging to and identification with the cooperative project on the part of the members could be strengthened.

Looking to the future, it is important to conceive of a cooperative movement that is more open and more linked to other local collectives and the social economy, in order to try to build together, with concrete proposals, a more just, democratic and self-managed society.

Looking to one's roots to project oneself into the future

Today, cooperativism, besides being a tangible path of development for many people in the world, is also a way of experimenting with different ways of organizing the economy and human relations in the field of business. In a social context such as the current one, in which new, more social and human ways of understanding and realizing the economy are needed, the contribution of the cooperative formula is important and of great interest. Cooperatives have come a long way in reinforcing democracy and social justice throughout the world in their more than 170 years of history. They have shown that it is possible to understand and realize the economy in another way, putting it at the service of people and society.

However, we cannot ignore, as we have been pointing out throughout this article, that the cooperative formula has important challenges to face. Cooperativism needs to ask itself questions, to be in connection with the human and social aspirations of each historical moment, and to maintain a creative tension in order to offer renewed formulations, not perfect, but real, in the practice of humanizing companies. From where should this exercise be done?

We find the example of the Basque sculptor Jorge Oteiza inspiring. He looked at the origins of the Basque people and found in the cromlech the artistic expression of his way of seeing the world. Inspired by the cromlech, he imagined and created modern Basque art, novel in form, but endowed with a deep-rooted meaning. He stated that “whoever advances by creating something new, does so like a rower, moving forward, but rowing backwards, looking back, towards the past, in order to reinvent its keys”.

We feel that cooperativism should undertake a similar exercise: look at its roots, connect with the essential motivations and values of cooperativism, and creatively reinvent itself with new forms. In the near future, it is undeniable that cooperativism will need a great deal of pragmatism aimed at translating values and ideals into tangible facts and concrete business practices. But we dare to predict that the key factor of the future will be to nurture the humanistic and utopian dimension of cooperativism. Without complexes and with creativity. To renew this utopia, with new ideas and proposals, to illuminate the cooperative movement of the 21st century.

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Act According to the Condition

Alejandro Martinez

Director of Health and Sustainability

Arantza Laskurain

Director of Consumer Affairs (1988-2010)

José M.^a Larramendi

Director of the General Secretariat (1991-2007)

Those who buy what they don't need, rob themselves.

Swedish proverb

“**T**he consumer has the right to be duly informed about all products. He or she has the right to consume products that are not harmful to their health, to know their price at all times and to be informed clearly and truthfully about them through advertising. He or she also has the right to demand that companies work for a future worth living.” This sounds like it could be a recent message, in line with the central element of today’s generalized discourse on responsible, ethical and supportive consumption, a concept that has gained weight over the years. But it’s by no means a new idea. Or at least it’s not for us. In fact, these words launched the first issue of the *Eroski* magazine in 1974, designed to offer practical and rigorous information that would allow conscious and positive decisions to be made for the benefit of consumers and their environment. In 1998, it was transformed into what is now *Eroski Consumer*, with 400,000 readers for each issue of its paper edition, an Internet edition that reaches six million people monthly and has become, according to OJD, the fifth most popular media in Spain, ranking above television channels, magazines and radio channels, and only surpassed by two sports papers and two general information newspapers.

The magazine is probably the most visible tool for citizens, but it is only one part of our history of consumer action, which is linked to the history of consumer defense in the Basque Country. From the very beginning, from that year of 1969 when the end of a subsistence economy was in sight and the market was evolving towards a very broad offer, the consumerist — that is, the sovereign, informed and educated consumer — was part of our origins. And the protection of the consumer, understood as a citizen, has manifested itself throughout these five decades in all kinds of actions that have been adapted as society evolved — this explains the change of focus from formation to information, from the conception of the consumer as a passive recipient to that of the consumer as an active and free subject.

The first step was to provide ourselves with our own legal framework: the Consumer Statute Law, passed by the Basque Parliament on November 18, 1981, which was the result of several months of impetus and contacts with all the country’s institutions. We stated this in the editorial of the *Eroski* issue dedicated to the new law: “We will be willing to urge the Administration to comply with the commitments acquired in the Statute, and furthermore we will spare no efforts in cooperating as far as we are able with the effective development of anything that may represent an advance in the defense of the Basque consumer”.

Later, on July 19, 1984, the General Law on Consumers and Users was passed in Madrid, which, in its article 20.2, recognizes consumer cooperatives as Consumer Associations, and Eroski has acted as such ever since. For this reason, we have become a well-known and appreciated entity in the Spanish and European Union spheres. Ernest Lluch, Minister of Health and Consumer Affairs, acknowledged our “exemplary trajectory” between 1979 and

1984 and said that we should “be a source of pride for the entire consumer movement”; the Ministry of Health awarded us the National Consumer Prize; *Televisión Española* appointed us a member of the Advertising Admission Commission in 1986 and, as a member of the Euro Coop board of directors, we were part of the Consumer Consultative Council — responsible to the European Commission which during our mandate approved the Framework Directive on food labeling. We have always acted with the unalterable aim of deploying the consumer protection policies approved and marked by the Directives and Framework Programmes of the European Union.

It is the citizens themselves who are the target of our policies, far from a mutualist approach reserved for the members of the cooperative. That is why we practice an informative and formative consumerism — with awareness campaigns, education and development of programs for the application and expansion of consumerist action — that seeks to create the necessary conditions that allow each person to make the decisions that concern his or her daily life with the greatest possible success.

We constantly seek loyal collaboration with authorities, administrative bodies, academic authorities, associations and citizen organizations in search of excellence in quality, rigor and professionalism in taking positions and any action in favor of the consumer.

Our initial references were in the “consumerism” of Ralph Nader, creator of the English term, which quickly caught on in France. Since the early 1970’s we have been interested in the concretion of consumer defense action from a public interest orientation and civic consumer action approach and we have regularly visited the European consumer organizations in Belgium (BEUC, Febecoop, Test Achats), France (Que Choisir, 50 Millions de Consommateurs), England (Which, Coop Group), Italy (LEGA), Switzerland (Migros, COOP), Spain (ASGECO, CECU, CEACCU, FACUA, OCU, UNCCUE) and Euskadi (EKE, UCE), to learn new approaches and initiatives and carry out collaborative activities. Those countries had already experienced the changes that were yet to arrive here. There was another difference, of course, between those experiences and ours: we were both a consumer and a worker cooperative, while all the consumer cooperative movements that had spread across Europe since the mid-19th century were exclusively of the former type.

In the 1980s we set up the Escuela del Consumidor de Eroski (Eroski Consumer School), in which we started training consumer monitors who then became technicians and managers of the administration and consumer organizations in Spain and in which we trained 110 teachers from schools in Cantabria, Valencia, Catalonia, Andalusia and Madrid. These centers worked together with the Red de Escuelas Piloto (Pilot School Network) of the CEE. With these programs and experiences developed by Eroski, the Instituto Nacional de Consumo published



Consumer members/partners in the 1970s.

the book *Consumo en la Escuela 1980*, an obligatory reference for monitors, teachers, technicians and authorities. And, in addition, the cooperative provided itself with an alliance of technicians (in communication, law, pedagogy, sociology and community intervention) at the disposal of Eroski members who wished to organize themselves into promoters of civic action in different areas of consumer protection.

In April 1981 the Basque consumer's magazine *Eroski* began publishing monographic supplements. This was an important step forward in our efforts to inform the broader public on issues that were very relevant — and which still are, from what we have seen in recent years — and offered consumers all the keys to making informed decisions. These supplements focused on such issues as abusive clauses in banking contracts and family services, improper collection on electricity meters, misleading and confusing advertising by companies in mail orders, consumer credit and family indebtedness, income declaration and the fraud of miraculous products. From 1990 onwards, these supplements were joined by a collection of specialized books, which also dealt with issues of community interest in response to changing concerns just as society changed (Banking User's Guide, Sport and Health, How to

better care for our elderly, Health and food, Sex and health). “Today, like yesterday, we still believe that the educational task is the key to an informed consumer capable of acting with full awareness, according to the values he or she professes,” we stated in the presentation of the first issue.

A couple of years after the publication of the first specialized book, a detailed study of the work carried out by housewives in their daily tasks — which calculated the economic value of work done by each housewife to be 95,000 pesetas — introduced into the public debate the possibility of fixing a salary and measuring the impact of housewives’ work on the country’s domestic product. In this case, as in so many others, we have contributed concrete elements to organize and rationalize social debates.

The Eroski Cooperative Laboratory, inaugurated in 1981, has been a pillar for carrying out Comparative Analyses (the “weapon of the organized consumer”) that have offered concrete and measurable information on products and services available to the consumer. Similarly, we have resolutely tackled the analysis of fraud in mass consumer products since the dramatic case of mass rapeseed oil poisoning in 1981.

In terms of awareness-raising actions, the “Teach Them in Time” home accident prevention campaign and the travelling exhibition “Giant Kitchen” (late 1989), which was a 2/1 scale replica of a real kitchen to help adults identify the risks in a kitchen for children, had a major impact. This intervention was carried out in collaboration with the French Ministry of Public Health and with the financial support of the European Commission.

We were pioneers in pointing out the direct influence that consumption has on our surroundings, something that today seems obvious, but more than thirty years ago was not so. That is why we use environmental variables as a core feature of our media dissemination work, along with other issues such as the promotion of healthy lifestyles and food safety, equality between women and men, and solidarity. By 1983 the Consumer Classrooms of our hypermarkets already emphasized this relationship and in 1990 we launched the travelling fair Ekokonsum, which informed citizens about their daily responsibility regarding environmental issues. Furthermore, an innovation unprecedented in such campaigns was used. Our innovation was to resort to a ludic pedagogy — mime, theatre, conferences, audiovisuals —, convinced, as we are, that the most effective way to transmit practical knowledge is through proposals that consumers find agreeable and pleasant.

The travelling exhibition “A Walk Through Life” (1994) addressed the problems that different types of packaging poses for our environment. And we coined the concept of the “eco-consumer”, understood as that citizen who includes the environmental variable in his or her daily actions.

This communication effort was not isolated; in other words, our commitment to the environment, health and solidarity was not part of a task that was developed only from the outside, but was embedded in the deepest part of our entity as a distribution company. We have always been aware of the environmental impact of our activity, so we have wanted to develop it in a responsible way.

THE CONSUMER MOVES, WE WANT TO KNOW WHERE

Eroski began the century with such ambitious initiatives as the creation of a periodic observatory of consumer habits, under the premise that one can only act effectively if one knows one's surroundings rigorously and objectively. Thus, the Consumer Barometer was born in 2011, applying science where before subjectivity had fundamentally been used. In collaboration with the Instituto de Empresa, one of Spain's most experienced educational bodies in terms of the business world, we carried out a macro-survey that provided us not only with a fixed image but also a film that explained how consumption habits are changing.

It was a success: the survey became, from its birth, the benchmark in all things related to the Spanish consumer's opinion. The main hallmark of the Consumer Barometer is that it makes it possible to determine, at any given time, the level of confidence and satisfaction of Spanish consumers in relation to matters of great importance to their daily lives, such as food, information on products and services, the domestic economy and the high cost of living, solidarity, the environment, habits related to health or shopping on the Internet. In addition, each year, topical issues were included to complete the overview.

So what were consumers like back in 2001? According to the Consumer Barometer, they were "demanding and increasingly qualified (...), confident in the quality and safety of food even if some foods (fast food and transgenic foods) do not deserve a good image, disappointed with paying too much money for what one gets in return, autonomous, individualistic and with high self-esteem regarding their ability to be informed and successful in their purchases; not very committed, however, to improving the consumer society, very concerned about their health and only a little less about their physical appearance, reluctant to jump on the bandwagon of new technologies and the Internet, but increasingly more accepting of one of the most revolutionary novelties."

Almost two decades later, the changes are more than evident. We have gone from being suspicious of technology to being immersed in it and from an individualistic idea of consumption to an enormous concern for our collective responsibility as consumers. We have accompanied them in these changes, actively so we would like to think. It was our obligation and we undertook it, from the beginning, as a pleasing responsibility.

Under the umbrella of the ethical management system and Ecoplan, we cooperated with the entire value chain through programs aimed at consumers, customers and suppliers. This encompassed the implementation of objectives, monitoring of compliance, research into environmental product improvements, training and communication with stakeholders. At



One of the first *Eroski* consumer information magazines.

Eroski, we communicated to consumers through our informative initiatives and products, leading by example as a distribution company committed to the environment. This integral conception of our impact defined and defines who we are and how we act.

As a cooperative distribution company we are committed to clear actions in favor of consumers and the protection of the environment. The complete phase-out of all ozone depleting CFC propellant aerosols (1989), the replacement of plastic shopping bags with more environmentally friendly ones, the collection of batteries throughout Eroski's commercial network for their subsequent processing and the launch of Eroski phosphate-free detergent (in 1991) are some of these commitments.

With regard to healthy eating, the incorporation into promotional brochures of consumer information — above and beyond mere commercial objectives —, the adoption of a nutritional traffic light on Eroski brand products and the use of restrictive criteria in the advertising of certain categories (such as alcoholic beverages) are proof of how the consumerist vocation has progressively permeated business activity. Since 2014, the “Energy for Life” educational program has been showing schoolchildren the importance of a balanced diet, local products

and sustainability, not only in the classroom but also with practical workshops in Eroski's stores and visits to small food producers in the primary sector. More than 760,000 students have already participated and they are the consumers of the future, those who, over the next fifty years, will demand the information useful for daily life that is the basis of consumerism and Eroski.

We have accompanied consumers in their evolution over this half century. Actively and in our own way. We believe we have helped them improve their decisions. And we are proud of the result, as well as the original way in which we have done it. This is only natural: we act according to our condition and character. At the end of the day, companies must do what fits with our way of being. That is how we demonstrate our consistency and earn the trust of our customers. Half a century ago, Eroski was the answer found by a group of consumers



Preparatory meeting of consumer members/partners in 2017.



Consumer committee, promotion of 427 educational activities in 1985.

to defend their interests and rights. In these five decades we have experienced first-hand a good number of social, economic, cultural, legislative and technological changes. We have faced them for the company and for the consumer: learning both. And the information about consumption that is in our DNA has progressively occupied more spaces in society, permeating even the mainstream media.

We have been more than mere spectators in this transformation. On the contrary, our work has driven the construction of this present in which consumers have more and better resources than ever to assert their rights. In this next half century now beginning, we are convinced that we can and must continue to offer value, providing and dignifying the information closest to people, which helps them eat better, take better care of themselves, protect themselves better and, in short, live better.

The Sovereignty of the Consumer in the Marketplace

Maria Rodriguez

Sociologist. Expert in responsible consumption and CSR.

Former President of the Observatori de Responsabilitat Social Corporativa

In order to risk a prediction for the future, it is important to know where we are coming from. In 1968 Spain was beginning to emerge from the “years of hunger”, efforts were being made to consolidate an industrial production structure that would enable economic growth. It was in this period that the great internal migrations from the countryside to the city took place, which began at the end of the 1950s, and also when high levels of emigration occurred to European countries and Latin America.

After several decades, consumers were able to start thinking of something other than mere survival and of the beginning of what was later termed the “consumer society”, a process that radically transformed the structure of Spain, although several decades behind other European countries. As far as the consumption cycle is concerned, we could say that we went from stage 1: sufficient *supply* of products, to stage 2: existence of products on the market that could be bought if the *price* (in the 1970s) fit the economy of each family. Stage 3, by now in the mid-1980s, introduced another

determining factor, the *quality* of products, and in the early 1990s, the *quality-price* relationship appeared when buying a product or contracting a service; likewise, towards the middle of the 1990s, and always in direct relation with the process of consolidation of consumer associations and public policies to promote the defense of consumer rights, a new stage was opened in which *values are incorporated* into the act of consumption.

Consumers’ associations were fundamental in making the transition from an economy of survival without individual or collective rights (until 1977) to one in which, already in the midst of a democratic process, rights were demanded to guarantee a certain quality of life. Consumer associations were able to work together with the central government initially, and then with the autonomous communities, to achieve legislative frameworks that guaranteed the basic rights of consumers (the right to satisfaction of basic needs, to health and safety, to be informed, to choose, to be heard, to redress and compensation, to consumer

education, to a healthy environment). Rights that are considered by the United Nations as third generation human rights (these are linked to solidarity. They have an impact on the lives of everyone on a universal scale and therefore require a series of efforts and cooperation on a global level.)

Likewise, associations, through the attempt to structure civil society in defense of their interests, forcefully explained that consumers also had the obligation to develop a critical, social and environmental conscience, as well as to take into account criteria of solidarity and action, and to always bear in mind that the definition of responsible consumption is “the choice of products not only taking into account the quality-price ratio, but also that which is established as a consequence of the social quality of the products themselves and the conduct of the companies that offer them to us”. In 1981, poisoning from denatured rapeseed oil left more than 400 official deaths, 3,000 unofficially and more than 10,000 affected with lifelong sequelae. This food disaster prompted political parties to start talking, as a matter of urgency, about the need to develop Article 51 of the 1978 Constitution detailing the basic rights of consumers. As a result of the parliamentary work, the General Law for the Defense of Consumers and Users was unanimously approved by Congress in July 1984. This law,

along with subsequent modifications always in line with European Union directives or regulations, once Spain was integrated into the same in 1986, makes up the current Spanish legislation.

The work carried out by consumer associations during the 1980s and 1990s, and even during the first decade of this 21st century, has attempted to situate the consumer as an active agent who can regulate the relations established in the market and try to balance it out. Progress has been made, perhaps not enough, but at least the foundations for moving forward on that path are there and are growing stronger. This is demonstrated by statements now common in Spanish society such as the fact that responsible consumption is fundamental, because behind consumer products there are worldwide problems of a social, political and environmental nature, and that consumers can induce changes in the behavior of companies, by choosing to buy or contract them, and thus contribute to making consumption an engine of social justice and environmental balance. Consumers are the last link in the economic system. Their decisions and the way they consume are a decisive influence that can guide companies in defining their strategies and considering their principles. The sum of responsibility and the power of consumers can and must produce positive impacts for the whole of society.

Not only have consumer associations (nationally and internationally through Consumers International) played a very important role in raising citizens' awareness of their rights as consumers, they have also had a far-reaching influence on the way in which business and consumer relationships are understood today. From 1985, the year in which the United Nations Consumer Protection Guidelines were approved, until their second revision in December 2015, which added current issues, including the incorporation of Consumer Rights (Consumer Interest) in the OECD Guidelines for Multinational Companies or in the very wording of Goal 12 of the Sustainable Development Goals, also in (September) 2015, the work carried out has been extensive, because economic globalization as a contemporary phenomenon is something on everyone's mind.

It is important to be aware of the effects of economic globalization, especially because they range from the everyday to the macroeconomic, from the recreational to questions of life or death. In addition, we must know that everything has a price and, most importantly, understand who pays for it. ALL of us pay a price: the disappearance of wealth and the variety of local products, for example, and if that price is paid by the most developed countries, we would also have to value the price paid by the weakest members of the world's

population. Companies look for the lowest production cost to allocate more resources to promotion policies, which with aggressive marketing campaigns serve to sell a greater number of products; this added cost is paid for by both consumers in developed countries and above all by the workers in less developed countries who work in conditions of great precariousness.

Despite all the efforts that consumer associations, environmentalists, human rights associations, trade unions, etc., can make, it is not easy for the average consumer to know all the facts and act in this context. To have greater knowledge (to know more) and to contribute with choices of purchase of products or services in the development of a diverse and ethical economy, requires an important personal effort that, if realized, would turn all citizens into responsible consumers.

This is one of the changes for the future: to be able as an individual to influence the market through information that, with the worldwide incorporation of new technologies into daily life, makes it possible for one to have additional criteria. It is another matter whether or not the information provided by companies is what consumers need. I can say that, generally speaking, it is not, and this creates significant distrust between companies and citizens on the consumer side. Bearing in mind that consumers

approach a product or service through its labeling or by means of a contract, it would be interesting for these products and services to include seals certifying — by means of the corresponding standards and with all the necessary controls — that the company is socially responsible.

Few consumer organizations in our country in the 1990s saw much future in advancing and participating in all the national and international processes that culminated in the European Union's Green Paper on Corporate Social Responsibility (CSR) and, years later, in the ISO 26000 CSR, although in the latter case it is not a certifiable standard but a Guide to Good Practices (this standard was the most debated in the entire history of the ISO); work began in 2004 and ended in 2010 and could not be certifiable, due to pressure from global business organizations). Today, in many countries these same organizations think that it was a mistake that ISO 26000 cannot be certified, because it would offer comparative criteria to consumers and, therefore, could benefit companies that try to produce or market differently, with greater ethical and social criteria, and could be an important factor of competitiveness.

In July 2007, the Ministry of Labor's CSR Experts Forum approved this definition of CSR: "We understand CSR as the (national and international) set of legal and ethical

obligations of the company arising from the relationship with its stakeholders and the development of its activity, from which impacts are derived in the social, environmental, labor and human rights spheres in a global context".

This definition was agreed on by all the organizations present at the Expert Forum, where the Spanish Council of Consumers and Users was also represented.

Indirectly, some consumer associations have also carried out awareness-raising work for their members and society as a whole on human rights issues. An important event in this sense was the creation in 2004, after several years of conversations between different civil society organizations, of the Corporate Social Responsibility Observatory www.observatoriorsc.org, an organization that includes among its members trade unions, consumer associations, development cooperation associations, human rights associations, and fair trade associations. The Observatory has a high impact through the studies it carries out on the actions of large companies in Spain, especially those that are listed on the Ibex 35.

One of the fundamental rights of the consumer is the right to information. And this right still today, in 2018, is not sufficiently detailed in business practices. While it may be unquestionable at the level of labeling according to applicable regulations,

it is also true that no company in this second decade of the 21st century provides full information with a capital I, the complete information demanded by consumers. There is still an asymmetry in information that harms consumers and this raises one of the questions that will need to be cleared up in order for consumers to influence markets. Those who draw up strategic business plans already take into account the fact that factors such as access to information through new technologies and greater social and environmental awareness are instruments that enable a minimum change in the consumer's attitude towards the market. It seems that a new consumer is emerging (the one who had been predicted to be appear in the 21st century) with a higher level of critical awareness, responsibility and solidarity; in short, a much more demanding and selective consumer when it comes to buying products or contracting services.

It's hard to predict the future. In any case, taking into account the progress made over the last fifty years and being aware that social and economic processes are now developing at a faster rate, it is possible to make some considerations on the work that will have to be done in the coming years:

In Spain, consumer associations (C.A.) that continue to maintain a level of presence in the media (another different situation is for them to also maintain a presence

at an institutional and business level) are fundamentally dedicated to the resolution of individual or collective conflicts, but this niche of resolution is not unique to C.A.s. In the last ten years, companies and in recent years law firms, have been competing for the same segment of "clients". But while it is true that associations, apart from legal defense, also offer their members other activities, one must keep in mind that most association members have approached an association to inform themselves about or solve a consumer problem. Companies, from the economic point of view, have now begun to take interest in this "niche" and are thus trying to compete with the A.C.s., with positive results so far for the companies. Consumer associations, therefore, must offer this service,, but it cannot account for 99% of their recruitment of members; they have to develop campaigns to promote associationism, in which what is offered in their portfolio of services, beyond conflict resolution, includes awareness-raising and taking a stand on social and environmental issues.

In the common field of action on responsible consumption, there are several organizations, apart from those of consumers, which in recent years, and as a consequence of the fact that the Spanish autonomous communities have not had sufficient influence on these issues, have

consolidated their position as referents in matters, which, traditionally, would have been carried out by consumer associations. For example, environmental associations do a lot of work on aspects related to renewable energies, energy efficiency and product obsolescence; other organizations deal collaterally with aspects related to fair trade, such as development cooperation organizations. In the past, it was the consumerist movement itself that promoted the establishment of fair trade coordinators in many autonomous communities. Today it is essential to collaborate between all the agents who, in terms of awareness and information, work to make decision-making tools available to consumers. Similarly, there are some transversal organizations that operate jointly in supra-organizations on issues related to food sovereignty, climate, corporate social responsibility, and so on. Therefore, the panorama suggests that consumer associations will have to collaborate with other organizations (first those of consumers and then those of other main areas of activity) in the framework of cooperation agreements or by setting up other supra-organizations in order to be able to act more effectively in the market and advance in the defense of citizens in their capacity as consumers. Initiatives in this sense exist, for example, the RSC Observatory, Fairtrade Ibérica and Plataforma Rural, among others.

The A.C.s must rethink their criteria for action in the medium term and include aspects that they have not cultivated in the last five years, and which are preferential in political, economic and social agendas. They must distance themselves from the current situation, in which their action is defined by the policies set by the administrations in the framework of grant calls, which establish the sectors in which associations should work. Governments (municipal, regional and state) cannot and should not set priorities for action, for subsidy purposes, although they do have to keep an eye on whether the projects presented are good and will mean progress for the recipients, in order to make the market less unequal. They must also step up political, social and economic advocacy. It is essential to look for areas in which public-private collaboration is possible, in those issues and sectors that are of joint interest; such as with companies and business organizations, in order to look for homogeneous spaces that imply greater rights for consumers and a greater level of competition between companies. Working together (not just once a year, but continuously) on corporate social responsibility issues could be a good meeting point to start this work.

Businesses will need to take into account the accelerating changes in consumer behavior. Consumer habits are rapidly

evolving towards new formulas (collaborative consumption, e-commerce, rental versus ownership of products, reuse of second-hand products...).

A good initiative might be the creation of sector forums with the presence of consumer associations, environmentalists, development cooperation, human rights, trade unions, employers' organizations and even companies, in which initiatives can be agreed for the future to improve procedures and actions. An interesting example is Spain's Social Forum on Fashion.

On the part of governments (municipal, autonomous and central), action must be taken to produce strategic initiatives aimed at ensuring that the presence of consumers (through their organizations, experts and

universities) continues to be maintained and even increased in all productive sectors and in the social and economic advisory bodies related to them. At the moment, some town halls and autonomous communities are becoming a point of reference in this demand, but the situation is very lopsided in the Spanish State as a whole.

And individual consumers will be aware that through their consumption they can change the world, they will become aware of their value as agents of social change, they will know that they can bring balance to the market and improve this imperfect society in which we live. It won't be easy, but nothing is impossible.

Let us remember, together with Antonio Machado, that "always today is still".

1.3

A Model That Makes People Better

Emilio Cebrián

Social Director (2001-2017)

Alberto Cañas

Director of Planning and Commercial and Client Adaptation

Susana Sarasua

Director of Viajes Eroski Gipuzkoa

Ignacio Ruiz de Alegría

Consumer Partner, Secretary of the Governing Council

*Making money is not fun, contributing and changing
the world is much more fun.*

Muhammad Yunus. Nobel Peace Prize, 2006

Our model is our difference and our strength. It ensures that each and every one of us who form part of this cooperative feel committed to society and that, in addition, we have the possibility of demonstrating this in each of the actions carried out by the organization. We are not only talking about the employee partners, but also about the consumer partners who co-decide on the strategies that are adopted, thanks to the Governing council and the Assembly of partners who represent them. The Board is responsible for corporate governance, administration and representation of the cooperative, the parent company of the Eroski Group, and therefore the governance of all its investee companies. A power that is exercised in accordance with the legal and statutory regulations and agreements of the General Assembly of Eroski Sociedad Cooperativa, the sovereign body, made up of delegates representing the partners, both consumers and workers, in the same proportion.

The composition of the highest decision-making bodies in Eroski is a rarity in the realm of business organizations we are used to. And we are aware that consumer participation in these cooperative forums is something that today, if we had been born now, would be almost unthinkable to include. Although the passage of time suggests a reflection on how we should organize and govern ourselves in the future, this participation of non-workers/non-professionals in our management enriches our vision; they are non-professionals, but involved in the results. Other companies seek external advisors; in our case, such advice is guaranteed thanks to the mechanisms of participation of consumer partners. The great challenge for the future is to find new ways for them to share their experiences with us, because society has changed so much that mobilization can no longer be the same as when we first started out. In fact, only some of our consumer partners are aware that they are so or are driven by consumer awareness and belief in cooperative values; but this situation does not imply that consumers are no longer necessary for our development. We make their concerns our own, and this is clearly seen in issues of food and sustainability. As an anecdotal and recent example, we can point out that we are the first distributor to recycle coffee capsules, and this arose as a response to a concern expressed by consumer partners.

This differentiated composition with respect to other companies requires the cooperative spirit to be strongly established in the people who assume leadership responsibilities, and a huge societal effort to pollinate these values and promote everyone's participation in the company's future and even in making decisions. The people who lead the worker members must have this cooperative vocation and understand that the cooperative wants a mature and responsible collective that manages itself, that knows and decides. And they must share our pursuit of business success, as well as social welfare, translated into returning to society part of the value that our activity generates.

Until the mid-1990s, Eroski, like the vast majority of companies in its field, did not have an explicit management model. It hadn't become fashionable yet. And the implicit model was based, in a very intuitive way, on the basic principles and declared values of the cooperative: cooperation, participation, social responsibility, innovation and consumer value. The effects of the germinal labor of these values are visible in the current corporate culture, inherited from that period.

In 1996 we adopted a management model, strongly inspired by total quality standards and the EFQM model that inspired, over the following years, the development and application of many management methodologies and tools (people satisfaction survey, customer satisfaction survey, process analysis, etc.).

OUR TOOLBOX

Companies are well portrayed by three snapshots: the role they attribute to capital, how they are governed, and participation in profits. In Eroski each of these snapshots is special.

Basic management principles: labor sovereignty, democratic organization, subordinate character of capital, retributive solidarity and participation in management.

Governance: one person, one vote; parity government of consumers and workers, shared leadership.

Criteria in distribution of profits: 50% to own funds-capitalization, 40% to returns of working partners – which is fully capitalized – and 10% to the community, a statement of intentions that gives more importance to the collective heritage than to the individual and does not disregard commitments to the community.

In 2002, the management model was updated in the Mondragón Corporation and we also updated it in Eroski, in order to build one better related to the uniqueness of the cooperative, which from its very origins was innovative in its design of a consumer cooperative: it incorporated workers into the company as partners, something unprecedented until then.

And in 2006 we developed a new model, in force until now, this time more clearly linked to the cooperative culture, making the cooperative distinctions more visible in it. A unique model that includes, among other definitions, that its engine “are the basic cooperative principles of the

Eroski Group and that people build a shared project with the aim of providing the greatest value to the customer who, integrated into the company, actively participates in the management dynamics”.

During our history we have always sought to improve and perfect the mechanisms of participation of teams and people, to foster a culture of collaboration and promote self-management at work as the best way of getting people to be co-responsible in a common project. And the result, always improvable and always insufficient, is good because it maintains



Preparatory meeting of working partners, held in the Kursaal (Donostia) in the 1990s.

the focus on and interest in making this company that is everyone's a clear partner-business project with a proudly shared purpose.

The same has not happened in respect to the consumer partner, who has progressively withdrawn — except for elected consumers and members of representative and governing bodies — from internal management as a partner-manager to be replaced by the concept of “client” as the recipient of the main activity, seeking their maximum collaboration to successfully carry out business management. The concept of solidarity that originally led to the decision by consumer partners to integrate workers as partners has now changed into a relationship of an opposite nature, since it is workers now who empower consumers. Maintaining, of course, a willful emphasis on preserving the original concept of an integral cooperative, through a relationship that places the consumer as the main focus of our mission, providing them the best we can within our possibilities.

A model reinforced by the crisis

We're changing, we're improving, we're getting stronger and stronger. The crisis, which affected us at the most critical moment, when our commitment to the future had been

decided, has led us to mature as partners. Yes, we've suffered a lot, but we've all managed to move forward, albeit not without sacrifices, independently of the intense negotiations to refinance the debt and not a few far-reaching business decisions, notably the non-accrual of interest on the capital of the partners, the effort to freeze and even reduce remuneration by an average of 7% and the extension of the working day by 10% a year. All this has been carried out by means of democracy, cooperation and participation between all for the common good, with the aim of maintaining employment above other considerations.

A CONSUMER ORGANIZATION WITH STORES

The consumer, whether or not he is present in the governing bodies, should always have a unique role in our management. The reasons for this are very obvious: the sector in which we operate, the established current strategy, the statutory purpose, the good work done with customers as an indicator of professionalism...

At Eroski, consumers are partners, although they are not personally linked to the economic development of the company, they do not contribute capital and are not affected by its results. The “retribution” or “dividend” of the consumer is materialized in the dedication of a part of the company's profits to consumerist purposes, above all, providing information and education to the consumer, not only to partner consumers, as channeled through the Eroski Foundation.

For us, talking about consumers was not, nor is, a marketing issue. But for many years, and even today, it has been almost impossible for our consumer partners, who number many hundreds of thousands, to have the awareness and experience of being so. The organizational effort that should have been made was not within our reach. As a consequence, Eroski's image in the eyes of the client partner as an organization created and participated in by consumers is diffuse. Our figure of client or consumer partner offers a meager advantage of image or positioning over the “partner” images used by other distribution companies for their loyalty plans. Furthermore, as has been the case with many types of associations in recent decades, the capacity for active and physical mobilization and membership of consumers is low.

However, (for other threatening issues) the information and communication technologies have arrived to open a new space of opportunities for as of yet impossible links. Today it is possible to obtain the opinion of thousands of consumers in a few hours on any matter of interest. Today it is possible to inform customer partners in a concrete and personalized way about what each one

What we have seen is that our model, in times of economic prosperity — good profits and high interest —, does not lose value, but we are concerned with important reflections or decisions rather than vital ones. And that, in hard times, it makes us aware of what a cooperative system is: that we all carry the weight of decisions. We stop talking about “what is mine” to become even more aware of “what is ours”. It highlights the value of people.

Size does matter and the more we grow, the more complicated the task of transmitting values and making decisions becomes. Knowing how to maintain those values and principles with such a size and in times of great expansion is a value in itself. Something of great merit.

The good response of the collective is by no means improvised or coincidence. A very well-established and well-nurtured culture exists, because the company is always open to participation and because we are very clear that the company is us, all of us. That is why

of them cares about regarding healthy and sustainable food. Today it is more possible than ever to inform, educate, listen, communicate and interact in a massively personalized and significant way with hundreds of thousands of people. In addition, issues related to food and sustainability are among the most controversial and generate a great number of interactions in social networks, where misinformation abounds. Even, the ability and desire of citizens to participate in the life of the company is new and rapidly growing (the demand for transparency, disapproval of some actions, support for other actions). All this presents us with an enormously attractive challenge, which is to connect consumer cooperativism with the new ways of living and acting of today's consumers.

Being a consumer organization with stores is an untapped strength, rather than a weakness of our management model. Our history as a consumer cooperative and consumer association gives us a legitimacy in society to be trustworthy in a field where others only do marketing (good marketing, but in the end, just marketing); this means we today enjoy great prestige today as a consumer organization in informed media channels related to consumption. Eroski's presence in the new consumer information and communication channels is very high and highly valued, thanks to its consumerist actions. In the near future, adaptation to new consumers will give new impetus to these capabilities and contributions.

On the other hand, what the working partners most value and appreciate about Eroski's governance is the presence of consumer partners on the Governing Council; above and beyond their being the "representatives of consumer partners", their presence is appreciated because they are "qualified people" (historically they have been people with high qualifications in the business and cooperative world), and also because they are "separated" from ordinary management, which allows them to take a more independent view.

"sacrifices" are possible, which with another management model would probably not even be considered. In a different context, measures would be taken, such as employment regulation actions, that damage trust. Without the cooperative values and personal sacrifice of many partners, the destruction of jobs would have been high and the viability of the company compromised. But our model has come out of the crisis reinforced, because, now yes, we have all understood what it means and what it entails us to do.

Exploiting our values

Although times have changed and the reasons that justified our foundation as a consumer cooperative have lost strength, the truth is that our management model — our values — gives us an advantage to face the future. Today distribution works more and more with customers, making them the protagonists, even defining certain policies with them. We, who have always included them as our partners, must discover permanent formulas to let them know that they continue to be the axis of our cooperative, not mere recipients of our commercial messages. It's about exploiting our consumer value. After all, the interests of consumers are closest to the interests of the community; and integrating the needs of the community is the condition of any socially responsible cooperative.

Our sincere and responsible aim of searching for improvements for our consumer partners will have to find new differential channels that go further in the treatment of the non-working partner. This is not an easy challenge, but it will mark the path towards recovering the concept of the consumer-work cooperative in its entirety. Health and sustainability, two of today's major concerns, are also among our values and are at the heart of Eroski Contigo



2016 General Assembly held at the BEC.



Store staff at the inauguration of Eroski Center Tellagorri in 2017.

(“With you”), so we must apply them and be quicker and bolder than others in responding to and communicating them.

We will also have to implement new mechanisms to achieve the massive participation of consumer partners in educational and informational actions, in social responsibility actions and in those linked to the Contigo strategy, and to build new spaces for participation (new technologies can and will give this a new dimension).

Finally, we will have to communicate to society that we are a social project, in search of social well-being. We are a company, yes, but what drives us is not the desire to be ever richer, but the aspiration of fair practice in buying and selling, and the reinvestment of part of our gains in the local surroundings.

And from the point of view of the working partners, we have to maintain the culture of effort that has helped us overcome some difficult periods. This is why we can now afford to plan for a new cycle of success, returning to the path of growth and renewing our enthusiasm and our cooperative ideals. This is, in the end, the differentiation we cannot and must not lose.

New Culture for Better Business and Better Jobs

Eduardo Junkera

President of Adegı (Business Association of Gipuzkoa)

José Miguel Ayerza

Managing Director of Adegı (Business Association of Gipuzkoa)

We would first like to congratulate and thank Eroski. Congratulations to the people who have made it possible for the fifty years of business trajectory we are celebrating to be a complete success in terms of both job creation and social wealth.

If as a country we have advanced, it has been thanks to people who knew how to imagine innovative projects such as Eroski and, with courage, knew how to set in motion what was a risky bet and which today, five decades later, is a splendid reality. Congratulations, then, to all the people who have made and are making Eroski possible. We thank Eroski for the invitation to participate in the book they have published on the occasion of their 50th anniversary and which the reader now holds in his or her hands.

The coordinators of the book suggested our contribution should focus on the new company culture, its motivation and scope; what it consists of, and what we intend to achieve with it in the companies located in the territory. And that is exactly what we are going to do.

The new company culture (NCC) promoted by Adegı is the process of cultural transformation to make companies a shared project based on trust, through the practice of transparency, communication, dialogue and employee participation in management and results. Achieving this means transforming our organizations and making them places in which we feel proud to work and can develop personally and professionally. In short, where we all work together, going from *sokatira* to *trainera*, from confrontation to collaboration.

The NCC is also the collective commitment of companies in Gipuzkoa to leave their comfort zone with the deep conviction and ambition that the better the company, the better the job, the better Gipuzkoa and the greater well-being for all.

This, in brief, is the new company culture that Adegı promotes. In order to arrive at this formulation it has been necessary to decant experiences, reflections, ideas, doctrinal contributions, as well as the inspiration given to us by examples of companies from Gipuzkoa and from countries such as

Denmark, Switzerland, Germany or the entrepreneurial ecosystem of Boston. Distilling all this has required an open, flexible and participative process that has resulted in the new company culture. It all started in 2012.

That year, in the first meeting of the newly constituted Governing Council under the presidency of Pello Guibelalde, the time for reflection had come to define the strategic challenges that Adegı should take on between 2012 and 2015. Two fundamental ideas emerged from this process:

- If we wanted to have better companies that generated greater value based on knowledge, talent, and people, it was necessary to transcend the traditional relationship of confrontation between employers and workers.
- This transformation process had to be initiated on the business side. It was up to Adegı to lead the change.

This occurred at a time of particular tension between the two sides, given the entry into force of the much-discussed “Rajoy’s” Labor Reform, which reached its zenith in July 2013, with the end of the ultra-activity of collective agreements. This law, whose detractors basically presented it as a “carte blanche to mistreat workers,” free, unrestricted layoffs, lowered wages, etc., was an allegory of conflict. Just the opposite of

what Adegı was beginning to enact in its spheres of influence and communication.

On January 17, 2014 Adegı presented the new company culture. It was a time of great difficulties marked by a complicated economic situation and complex working relationships in which confrontation gave few opportunities for collaboration.

In this context Adegı presented a new company culture, a new way of doing business that, in the words of Pello Guibelalde, president of Adegı at the time, was “based on trust between the parties/sides and oriented to the need to reach agreements with the people in the companies”. “For Adegı, the new company culture has an unquestionable strategic significance and will mark, we hope, a before and an after”, added the president of our association.

The new company culture was inspired by new practical experiences in the labor relations that companies in Gipuzkoa had implanted and, as Pello Guibelalde pointed out, “it has been tested in more than one hundred companies in Gipuzkoa before reaching its final formulation and approval”.

When it came to characterizing the model on the day it was presented, we were very clear: “Adegı proposes to companies a flexible and dynamic culture, open, inclusive and which represents a new way of doing things. Companies, by virtue of this new culture, and through a unilateral

decision, want to be transparent, share information, as well as facilitate people's participation in the company, in management and even in profits. The culture is dynamic and flexible because the principles that inspire it allow companies to adapt it to their circumstances; it is open because it permits contributions that enrich it and it is inclusive because it does not exclude anyone, it is not conceived against anyone and it allows everyone to participate who wants to."

"The ultimate aim," we concluded, "is that after we the companies have taken this step, the workers, both individually and grouped through their respective unions, will join this culture, this new dynamic. This is the only way to ensure that our companies continue to be the key factor and driving force on which any recovery of the activity that generates employment, well-being and social wealth must be based."

The new culture thus presented was received in different ways, although the prevailing impression was that it was a somewhat escapist formula in light of the complex economic situation then being experienced. An escape forward, a way to do things differently and try and find a different formula. Five years later we can say that we see that the new culture has remained firm over time, and now that the economy is recovering (employment is being generated at a good pace, wealth is being generated,

we can see that the economy is growing), the strategy is still present and this gives it credibility.

It is an unstoppable cultural transformation, where society in Gipuzkoa is once again showing its enormous capacity to adapt to new times, with great effort, silent work, commitment, large doses of innovation and an eminently humanist character, because if something characterizes our territory it is its commitment to people.

What is the reason for this spread of the new business culture, this cultural transformation of Gipuzkoa's businesses? The new culture has made it possible for us to move from *sokatira* to *trainera*, from confrontation to collaboration, making it possible for us to adapt better and faster to a complex environment that changes at a dizzying rate.

The mindset, the paradigm that gives meaning to the new culture, is based on how we understand the company and the consequences that derive from this. For us, the company is the true source of development and wellbeing in any country, including our own. We must remember that in Gipuzkoa 85% of the people who work do so in private companies. It is very important, therefore, that we take care of them, help them realize their maximum potential and guarantee their sustainability over time.

People and companies are two realities that, if their efforts are joined, will result in

something that is always greater than the sum of both. In order to fulfill the function of being the engine of our society's well-being it is necessary for both to win. The engine will lose power and capabilities if both realities, as they grow, do so at the expense of each other. It is necessary, it is much better, for both realities, people and companies, to win.

The configuration of the company as a shared project has to have its starting point in the identification of some values assumed by all the people in the organization as their own. These are the values that, together with the identified behaviors, must become the core elements of the company's culture.

Cultural transformation is a long process and not without its difficulties, in which the company has to start by giving without asking for anything in return and this requires leaders with prepared and trained management teams, because change, transformation, has to start with them; they must set an example and promote the cultural change of the company in a coherent way.

We have said that internal communication, transparent information and participation (in management and profits) are the axes on which the new company culture revolves. Beginning with internal communication, which must necessarily be improved in order to generate trust. It is thus not an

end in itself, but the way to provide people with transparent information.

As for the participation of people in the company, there is no single model of participation in management and earnings, each company has to find its own way depending on the shared project of the company it wants for the future. Thus, from the idea of the company as a shared project, if the company wins, the people win; hence the participation of people in the earnings of the company becomes one of the fundamental pillars of the new company culture.

In any case, there must be coherence between the values, strategy, management method and organizational structure in order to carry out the cultural transformation of the company.

In this context, the collective agreements reached in the companies must be oriented towards the way the company is understood as a shared project, negotiating the interests of each of the parties and ensuring the contents of this negotiation are based on the values and principles of collaboration previously identified and shared by all the people. In other words, a new social contract.

Consequently, the main objective is to have more competitive, attractive, humane and ethical companies in Gipuzkoa, which give meaning to the work each individual carries out on a daily basis, given that

clearly knowing the values and social mission of the company greatly enhances performance.

Because we should no longer talk about how the company is present in society, but about how we can include society in the strategy of our business: what social impact we generate with our activity.

These are the main contents of the new company culture. Since its launch, Adegí has been accompanying companies on this path of cultural transformation with multiple tools. To mention just a few, there is the *Guide to the New Culture*, which is now in its third edition; the classrooms of the new culture; the practical recommendations that we periodically send to companies; the learning communities that are forums for meeting and sharing experiences and knowledge in an environment of trust. At the moment there are eleven such communities with more than one hundred and twenty participants.

We must also mention the good practices in new culture that we make known through the “*Esto funciona*” (“This works”). And the latest novelty are the videos “*Conversando sobre nueva cultura de empresa*” (“Talking about the new business culture”), in which two people from different firms share their reflections on some topics, with the aim of socializing the real experiences of companies in Gipuzkoa.

Meanwhile, in May 2018, at our General Assembly, we renewed our governing bodies, president and Governing Council, after which we carried out a strategic reflection for the period 2018/2021, where we defined our “golden triangle”, each of whose vertexes includes a challenge for the next triennium, the first of which is to make Gipuzkoa a “territory of new corporate culture”, whose symbol is the *trainera* (a traditional fishing boat). Adegí’s second challenge is to be a platform for collaboration between companies, and the third is to be a leader in attracting talent to companies.

The first of these, which refers to the new company culture, is specified in these lines of action: to continue to raise awareness and implement the new culture in more companies; to extend the NCC to other social agents and to spread the company’s values in society.

The third challenge has to do with talent and is also closely related to the NCC. We need a new paradigm, attractive companies where it is a pleasure to work, in short, companies that take care of their people.

This requires new, more flexible, more autonomous and more authentic pacts and forms of agreement that are based on mutual trust. It is precisely reaching agreements in companies that is making possible the development of a NCC based on trust, self-management, commitment,

communication, participation, transparency and cohesion, in which everyone works together to reach a shared goal, whether during bad times or good.

Gipuzkoa has reached its current level of well-being, unparalleled in its history, thanks to the fact that the people of Gipuzkoa and their companies have always tried to surpass themselves, with training, effort and work, starting from a certain point of non-conformity, and taking advantage of

the opportunities presented to them, here and anywhere in the world. This is the path to follow.

If, along with this, we take care of our people and companies, and the institutions and social agents likewise get involved and collaborate, the future is ours and we will make the *raison d'être* of the new company culture a reality: the better the company, the better the employment. In short, a Better Gipuzkoa for us and our children.

1.4

Being a Cooperativist Is Not a Profession

Benito Ferreiro

Director of the People of the Northern Zone

Iñigo Eizaguirre

Social Director

Puy Cobos

Store Manager. President of the Social Council (2011-2016)

I like energetic people, who don't have to be pushed, who don't have to be told to do things, but who know what to do and do it. People who cultivate their dreams until those dreams become their reality.

Mario Benedetti

Job creation has been part of Eroski's mission since its origin. This choice was well justified at the time: creating employment was the social aim of the cooperative and was also an urgent need in an economy undergoing incipient development with an excluded population — especially women — and with high unemployment rates, dramas suffered directly by the working class, precisely the promoter of consumer cooperatives. Those pioneers followed, surely without knowing it, the philosophy of José María Arizmendiarieta, who affirmed that we are here to transform the world and not to contemplate it.

From the beginning, our project sought to develop our surroundings according to different values. Creating employment, creating cooperative employment, has been a commitment to the community, to people, which has nourished Eroski's development strategy almost as much as the need to grow in size and market share in order to gain competitiveness.

Cooperative employment, as working partners, incorporates aspects that, although inherent to the good functioning of the cooperative, contribute its own virtues. Ones that often lead us to remark that working in Eroski is one of the most democratic ways of working we know. The power to vote a partner possesses from the very first moment, when he or she is first hired (the right to vote is a condition and not based on merit), in equality with the rest of the veteran members — feeling part of a common project, accomplices and in need of each other —, makes it necessary for professional development to be accompanied by a commitment to the business project as well as to the understanding of the cooperative model. A system in which the rights and obligations that converge in the condition of partner must be known and assumed, along with the values that we wish to preserve. Our company needs people, and is committed to fostering their personal and professional capacities and to responding to their development and aspirations for improvement. Being efficient in our day to day work means aspiring to be the best in what we do, to reflect on how we can change reality from a standpoint of values as workers and as owners. This means going through a learning process in which each partner and the organization do their best. Eroski's history is one of discoveries achieved through effort and ambition, but also through preparation.

The members of the cooperative and their representatives in the social organs are the ones who establish the conditions in which the work activity must be carried out, developing a normative body that balances the general interests of the cooperative and the particular interests of its members. And this general interest must always be to preserve the legacy received and pass it on to future generations, if possible in an improved way. In other companies, the labor framework is developed between the representatives of the workers and the employers, negotiating different and often conflicting interests. In the cooperative, this framework is achieved differently, with the same objective being applied to all participants:

SOME BELIEFS THAT HAVE INSPIRED OUR STORY

- Dignity of work means: respect for the person and his or her human condition, and not the cost of a factor of production (in the first place). A job is worthy if the individual can grow in it and realize themselves as a person.
- Work is a source of rights and obligations. Rights must be respected and promoted. Obligations must be fulfilled in a spirit of responsibility and self-exigency.
- People, if they have a choice, would rather be part of the action than be spectators (or referees).
- Strengths teach more than weaknesses. Success is more encouraging than failure. Overcoming advances things more than suffering does.
- Participation based on trust is an essential characteristic of our management model, which considers those who work as responsible people who must take part in establishing their own goals and those of the company, for which they need to be informed and listened to.
- Employment at Eroski is demanding: we are at all times owners and workers. As a worker seeking maximum efficiency (self-management, self-exigency and responsibility) and as a partner (respect, solidarity, responsibility and participation).
- The leadership that directs teams of self-management, participation and commitment is more a developer of potential and facilitator than a demanding boss. The growth and progress of the people with whom this leadership works is the fundamental goal. It is transformative leadership.

to preserve the common good, which is built on transparency and information, on the basis of contrasting arguments and consensus.

In this report we must highlight the exercise of participation that the decision on the annual labor standards entails, which the Governing Council of the cooperative adopts at the proposal of the Social Council and after debate in the delegated committees and in meetings of all the work centers. This would be unthinkable in any non-cooperative company, where this matter is regulated and decided through negotiation between the union and the employer. In Eroski this process is a great educational opportunity, because it requires the necessary integration of personal and collective interests. And, as its results have always been exemplary, it confirms a solid collective maturity.

For all these reasons, in Eroski, as in other cooperatives, work has a participative dimension in business life that generates a special bond and acquires a different meaning. It requires a high degree of information on the cooperative's evolution (for example, all members have an annual open day with the Board of Directors for this purpose and more than one hundred people attend each session), the development of participatory systems in the workplace (Eroski has adopted the Lean model) and ongoing training, both in the trade and in the corporate field.



Maxi Eroski store staff in the 1990s.

In Eroski, payment is also different. It is an advance on earnings, which is why we call it a labor advance. The remuneration system, which regulates this advance for each position, regardless of the person who occupies it, is nothing other than the way in which we have decided, between all of us, to distribute part of the resources that we have generated jointly. This distribution must be balanced with the contribution that each one makes and in solidarity with those who have more capacity to contribute with those who cannot contribute as much.

The austerity of difficult times has shown how Eroski's partners are perfectly aware that their remuneration depends on the cooperative's results and that they must adapt to its evolution. Thus, we have established that no one receives more than six times the amount of the lowest paid position. And also that the length of the working day or the annual increases are made according to the results; and consequently, when necessary, salary reductions have been agreed upon. Of course, remuneration is transparent and public, referenced to each position and not to the person who occupies it.

No one who aspires to wealth and great fortune through work should consider a cooperative when looking for work: the best paid jobs, the top executives, are far from the levels of remuneration offered by other companies. This practice, which obeys a sought-after retribu-

A REPRESENTATIVE PERSONAL TESTIMONY

The culture of (self)exigency and (co)responsibility is present in Eroski. One of the most important management levers for achieving cultural transformation is the policy of people management.

Once you join, you begin living and experiencing something that is clearly different. From the very start of your life as a partner you know your rights and obligations. For example, the way we govern ourselves, how we make decisions, occurs within a participatory form of management.

On a day-to-day basis, one participates in defending the company with a high level of commitment and responsibility. People feel that they are part of the company, because it is theirs.

The cooperative model makes people more mature, more responsible. Information must be made available for this to be understood and so that people can make decisions with sufficient knowledge of the issues.

In a cooperative company, consensus is sought, since commitment is more satisfying than confrontation. This does not mean that specific confrontations don't sometimes occur.

This model means decisions are firmer. If we leave decisions to others, we do not take responsibility.

utive solidarity, limits the possibilities of attracting external talent, but impels us to promote our own; this weakness has turned internal promotion into the main lever for professional development at Eroski. Our history is full of the professional careers of those who have climbed to the most important positions in the cooperative. A majority of senior managers and directors come from within the company, in many cases starting their careers as salespeople. This circumstance has long been a positive element of professional development for the female collective, who have had less access to higher education. Thanks to these circumstances we have been a true social and economic elevator for thousands of people.

Fortunately, monetary compensation alone is no longer the decisive factor for today's job seeker. Many people prefer a company where they can contribute and grow professionally. Our young people look for work environments where they can contribute, be active participants and develop professionally. They look for companies that act ethically and are socially responsible with which they can identify, where they can feel part of the

company and their person, work-life balance and family are taken into consideration. And these are all matters where the cooperative model remains highly competitive and attractive both to those who want a stable job and to that young person who does not aspire to a job



Store staff in the first Eroski hypermarket in Vitoria-Gasteiz, inaugurated in 1981.

for life, nor intends to pad out their curriculum vitae to later offer their credentials to the most generous employer.

Indeed, the cooperative model is not only competitive, but also incorporates intrinsic aspects that many companies today seek to develop. It nonetheless must continue evolving to correct certain weaknesses in the system to adapt the model to the current times. Perhaps the clearest such weakness in Eroski is misunderstood egalitarianism, in which equality of opportunity is confused with the fact that we are all equal. Our cooperative must incorporate mechanisms that differentiate the best individual contributions, that strengthen them, so that whoever in the same position and with the same opportunities contributes more, also receives more; in payment as well, but whatever the case, in social recognition and merit.

The hegemony of work over capital is in our values and is part of our culture. Perhaps our sector, very much supported by individual and manual work, has made personal effort one of the most valued characteristics of our cooperative (it wasn't so long ago that this was the primary capacity we sought in our aspiring partners). Our business has evolved and society

is different today. This culture must give way to another that values efficiency at work, the reconciliation of personal and working life, the physical conditions in which we carry out our work, flexibility in working hours, and so on.

Distribution is an irregular activity, which fluctuates according to client demand. In order to respond to this uncertain demand, the organization has established a sales staff employed mostly on a part-time basis, a situation that has not always been desired by the partners involved. This is not the best position from which to establish the ties required by the coop-

TO BE AMONG THE BEST YOU HAVE TO KEEP WORKING

Internal democracy does not end with “one person, one vote”. While this resolves formal governance, it does not meet the aspirations for participation that aim to go further, to generate greater involvement in government and management. Achieving a democracy based on reflection and consensus presents major intellectual and organizational challenges. If there is no consensus, there must be debate until a final decision is reached that must be respected. Being able to encourage these reflections in the company’s teams forms part of the mission of the leadership in general and of the company’s managers in particular.

Effective participation in work must be a reality rather than an aspiration. Through the extension of the Store Management Model, we must systematically materialize greater participation on the part of people: systematic meetings, management at each point of sale, a coherent organizational model and training for leaders who must be able to facilitate the process.

We need a more result-oriented approach. While effort must be recognized, given that our history is one of constant overcoming, it should nonetheless not have decisive influence in the valuation of a person or of a team. The system should reward, recognize, stimulate, encourage and drive results and reward more those who contribute more.

erative model and seems improper to an association of owners. We must therefore aim to minimize this percentage. It is precisely because of our values that we must aim to create quality employment.

We must not forget the contribution of capital when joining as a working partner. It was a well-accepted investment when it provided the most precious asset, a stable job, and also represented a profitable investment through returns and monetary interest on capital. Today the amount of the contribution has been maintained, but the remuneration no longer exists in the short term and is uncertain in the medium term. We unquestionably need to reflect on this.

But, in general, if we analyze what the labor market demands, we find many of the identifying features of a cooperative, and of Eroski in particular. Fairness or considerate treatment is one of the most valued aspects. In a community of owners such as a cooperative, where power through the organs is democratic and socialized, where the rules are agreed upon with the collective to which they are addressed, where the leadership



Eroski Center Arcco Amara store staff during the celebration of its twentieth anniversary in 2016.

addresses itself to those who have the power to remove it, it is natural for relations to be, and are, between equals, with maximum consideration given to the person. While managers have the responsibility of carrying out the executive task through a cooperative management style, in the final decisions all members are in the same rank.

Effective professional development in an organization depends on two conditions: a policy that encourages and recognizes talent and the existence of opportunities for promotion. Both are present in cooperative employment.

After fifty years of existence, our values have gone far beyond the declarative stage and constitute easily verifiable signs of identity. Internal solidarity, solidarity with the surroundings, collaboration with other cooperatives, parity of consumer and worker members in the governing organs, the supremacy of work over capital, commitment to health and the environment, transparency... all this makes Eroski a company that can connect very well with the ethics of new generations. This is still a place, therefore, where people can develop their skills, the ones that make them competent professionals, and, above all, equip themselves with solid values to be incorporated into their personal perspectives, because fifty years later we are still that company where ordinary people do extraordinary things.

Technological Change and Employment

José Manuel González-Páramo

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Introduction

The birth of Eroski in 1969, after the merger of seven consumer cooperatives, took place at a time of changes in production and distribution models characterized by the gradual introduction of computers and process automation, known as the “third industrial revolution”. Fifty years later, the emergence of digital technologies, such as smart mobile devices, Artificial Intelligence or Big Data, is radically transforming the world. The patterns of personal relationships, business organizations and, in general, the way economic value is created, are changing profoundly again.

The digital tsunami has been affecting almost every industry in the world for just over a decade at an unprecedented speed, at an exponential rather than a linear pace. In this paradigm shift, the future of employment is one of the central issues in the economic, social and political debate: What role will human beings play in a world dominated by technology? What will the labor market of the future be like? How can we mitigate the impacts?

The characteristics of the labor market of the future

The massive adoption of digital technologies, such as the Internet and smart phones, together with the extraordinary growth of computing and storage capacity at a lower cost are the main features of this “fourth industrial revolution”.¹ This digital tsunami is reshaping the economy and society of the future, producing disruptive changes at unprecedented speed.

In the absence of a crystal ball that would allow us to be more precise about the evolution of employment in the next twenty years, one can intuit the four main characteristics that will shape the working environment of the future:

— First, employment will be *less routine and standard*. In the new digital environment, the traditional classification of economic activities into industrial and

1. J. M. González-Páramo (2016), *Reinventar la banca: De la gran recesión a la gran disrupción digital*, RACMYP, Admission speech to the Royal Academy of Moral and Political Sciences, June.

non-industrial should be forgotten. The differentiating factor of work in the digital age will be that of *routine versus non-routine tasks*. Routine tasks can be easily robotized and there will be a growing demand for non-routine tasks that must be innovative in nature, or oriented towards interaction with individuals and that require personal relationships, complex conversations and pattern identification.

- On the other hand, employment will be *more fragmented* due to the emergence of the collaborative economy and digital platforms such as Cabify, Uber, Airbnb or Upwork. These platforms are shaping the labor market with the emergence of a multitude of individual entrepreneurs who work for hire without traditional employment. This phenomenon is still in its infancy and the data available on its impact are still scarce. In the European Union, it is estimated that at the end of 2015 there were 65,000 Uber drivers and some 100,000 active workers, which is 0.05% of the total number of workers.² Although these figures may seem limited, their growth potential should not be underestimated.

- Thirdly, employment will be *subject to continuous change*. Future employment, whether self-employed or employed, will be characterized by constant interaction between workers and machines. Continuous technological innovations will establish the characteristics that will be demanded at each moment and this will require *greater job flexibility*. According to economist and historian James Bessen,³ the work of the future will be increasingly determined by the speed of technological change and by continuous innovation. As an illustration of this, in 2012 Flash programming technology was an essential standard for the development of many web pages; today, Flash-based programming is completely obsolete and has been replaced by HTML5 and other standards.
- Fourth, the constant changes affecting many jobs in the digital age will make it necessary for workers, in order not to lose employability, to have *a greater ability to reinvent themselves* and *less over-specialization*. This is one of the reasons why many of the leading companies train their employees in a variety of small tasks, from customer service to ordering or inventory control. This

2. W. de Groen, I. Masselli (2016), "The impact of the Collaborative Economy on the Labour Market", *CEPS Special Report*, 138, June.

3. J. Bessen (2015), *Learning by doing: The real connection between innovation, wages and wealth*, Yale University Press.

ability to reinvent oneself allows them to move from one task to another according to demand, and cross-training in different tasks is a path to job stability.

The transition to the new labor paradigm. How fast will the change be?

The fourth industrial revolution presents a differential characteristic with respect to the three previous ones, since *it follows an exponential rather than linear pattern*. The power machines now have to do tasks that previously were performed only by humans is undoubtedly a cause of uncertainty and its impact will depend largely on the *speed of transition to the new paradigm of the labor market*. Indeed, the first industrial revolution lasted some sixty years, the second concentrated its effects in only half a century and the third in approximately four decades. Can we venture that we are in an exponential revolution that will produce its main disruptive effects in only thirty years? If so, navigating what Sanchez Asiain has called the “accelerated acceleration” of change will be very demanding.

Being “techno-optimistic” as I am, I believe that the digital transformation will replace manual labor with robots, but *this process will probably be gradual*, and more pronounced in some industries than in others. In addition, the bulk of *economic*

theory allows us to be optimistic, since the fall in costs and prices linked to innovation increases the disposable income of the population and generates more demand for goods and services. This change will also generate new professions, especially in the most innovative sectors. For this reason it is essential that society has the capacity to adapt progressively to these new demands and job profiles. Thus, although it is unlikely that many jobs will be eliminated altogether⁴ in the next decade, it is essential to be aware of and prepared for a *near horizon* in which technology will affect all professions to a greater or lesser extent.

The role of public administrations in the new working environment

This paradigm shift in the labor market will mean that both society and public administrations must be prepared to adapt to this new era and be able to safeguard and finance the welfare state of today’s society. For this reason, one of the priorities of public authorities should be to *protect people, not jobs* that become obsolete due to a lack of demand for their services so that the digital transformation is inclusive and benefits society as a whole.

4. J. Manyika y otros (2017), «A Future that works: Automation, employment, and productivity», *McKinsey Global Institute*, enero (véase mckinsey.com).

What *tools* exist to mitigate the worst effects of the fourth industrial revolution? The essential fronts on which simultaneous action must be taken are *investment in human capital, talent management, the design of effective employment policies, and temporary compensation policies for those who lose out*, in order to tackle the exclusion and inequality that might be generated, all with a long-term vision.

Firstly, the *education system* must evolve on par with society and anticipate the demands of the labor market, with a double vision: future workers and today's employees:

— A World Economic Forum report estimates that 65% of children entering primary school today are likely to work in professions that do not currently exist.⁵ Now is a good time to start *redesigning the education of the youngest generation with a view to the next ten or twenty years*. In order to work with machines, rather than against them, the education system must enhance *technical capabilities* in the area of science, known as STEM (Science, Technology, Engineering, and Mathematics). However, cognitive

capacities will not be sufficient in the new environment and other skills such as *teamwork, creativity, empathy, adaptability to change and the ability to reason and think outside the conventional (out-of-the-box thinking)* will have to be strengthened. We would thus be speaking more of STEAM capabilities, with the A representing art and creativity.⁶ The added value will not be in manufacturing, but in its processes prior to manufacturing and in R&D. Therefore, the education system must prepare young people to use technology while encouraging creativity, innovation and entrepreneurship.

— In addition, education policy also requires paying special attention to *today's workers*. In order to adapt to the flexibility and reinvention that will characterize the use of the digital age, *continuous training* in adulthood must be promoted by facilitating professional retraining. This change involves not only public and private institutions, but also the workers themselves. Gaining access to training and changing jobs at an intermediate stage of a career should be as normal

5. WEO (2016), «The future of Jobs: Employment, skills and workforce strategies for the Fourth Industrial Revolution», *Global Challenge Insight Report*.

6. J. Z. Melton (2017), «A+: The case for adding art in technical curriculums» (newequipment.com)

as gaining access to university after secondary education.

Secondly, and in parallel with education, it is necessary to stimulate the labor market through *effective active and passive employment policies*. It is necessary to strengthen an *innovative ecosystem*, removing barriers to job creation, investment and business growth. This should include the financing of *start-ups*, the design and implementation of an efficient tax structure, the drastic reduction of administrative costs, and *flexi-security* in employment. *Active employment policies* should facilitate the transition from old to new jobs and improve the matching process between vacancies and job seekers, for example through a public platform using *Big Data*.

And what to do with those who are left behind, who lose their jobs and are unable to find another? A recurrent debate is the role that *universal basic income* could play in compensating those who might be left out of the labor market. The proposal eliminates the risk of absolute poverty, does not socially stigmatize its recipients, increases the reserve salary and, if conditioned, can encourage training. However, this initiative raises big questions. How will it be financed? With what taxes? In this context, the possibility of creating a *tax on robots* has been gaining ground, but it raises new

questions. First, there is no precise definition of what a robot is: could an ATM or a *vending* machine be considered a robot? Second, this tax would be paid by the people or companies that own the robots and not by the robots themselves. Robots are already taxed at the time of their acquisition just like any capital good and likewise in their daily use through energy consumption and maintenance. And third, this new tax could penalize the investment required to innovate and maximize the full potential of technological advances.

The debate on basic income and the tax on robots is necessary and enriching, but perhaps in the first phase of the fourth industrial revolution, unemployment and technological inequality must be addressed through *other economic policies*. A preferable alternative is to improve the efficiency and management of the public sector, especially to implement public policies aimed at reconverting workers who lose their jobs due to the advance of Artificial Intelligence or towards a new educational model that gives our young people the skills that the new digital environment will demand.

Conclusion

The current disruption has opened up an intense debate about the future of employment. Opinions on the subject are divided, but it is undeniable that it implies a

paradigm shift to which both society and companies will have to adapt. If the first industrial revolution did not reject railways, sewing machines or steam engines, and likewise electrification in the second half of the 19th century was not rejected, today, fully in the 21st century, it makes no sense to oppose digitization.

In the history of mankind, technological development has been an irreversible process. The challenge for citizens, businesses and governments is to leverage and make inclusive use of all the opportunities

offered by new technologies in terms of welfare and prosperity. In order to face this new technological era, we need a profound redesign of policies regarding employment, education and all measures that guarantee equal opportunities and social inclusion. To do this, it will be necessary to follow one principle: protect people, not jobs. Our society and its institutions must modernize as technology progresses, so that its disruptive effects are clearly positive and within reach of all the opportunities of this new era.

1.5

Joining Together to Change Community Values

Javier Amezaga

General Manager of Resources

José María Larramendi

Director of the General Secretariat (1991-2007)

Pako Salegi

Chairman of the Governing Council (1988-2002)

*The world would be a happier place if ambition
were always stronger than rivalry.*

Bertrand Russell

In our opinion, two forces have driven Eroski's collaboration with other cooperatives. First, the weakness of the solitary organization that aspires to great goals: it needs the help of others or must renounce its dreams. And second, the frequent recourse in Basque culture to cooperation; this is surely, as José María Arizmendiarieta has said, because "unity is the strength of those who are weak". Through collaboration, the ambitious loner obtains the resources, initiatives, proposals and programs it lacks.

Intercooperation is a much praised art, but its practice, its management, is not obvious. Because its nature transcends the purely mercantile. It demands more than simply doing business together. When the relationship between two partners is viewed in terms of pure economic efficiency, everything is quite clear. However, collaboration between cooperatives goes further: it poses a business goal and also a question regarding values, models and identities. Reaching efficient, real agreements is not possible without an understanding of culture. The anthropologist Lévi-Strauss wrote that cultures are built by one culture realizing itself in relation to another, on a basis of identity and alterity at the same time. Different models and projects are found, and diversity makes sense in that process in which one has to know how to respect difference.

Eroski's culture is based on the values of solidarity, commitment, belonging, responsibility... which lead it to a different vision of society and country, and which encourage its aims of transforming society into objective and measurable spheres. We are talking about generating wealth, reducing inequalities, creating jobs and fighting for another way of relating with each other economically and socially. Eroski's values, without pretending to be an NGO, aim to encourage other transforming social agents. We intend to contribute to that other vision of the world that is more supportive, responsible and humane and, in fact, there have been many collaborations with NGOs over the years. The first agreement in the history of the Food Bank, when it did not exist yet in the Basque Country, was with Eroski, for example. Doctors without Borders, UNICEF, UNHCR and so many others have also had our support because we are guided by social concerns. People are what matter, what's human.

But nothing is social if it is not economic, Arizmendiarieta has said. That's why we're a company; if we didn't make money, we wouldn't exist. The company's profits are an indisputable expression of its efficiency. We have always been opposed to the use of the term "non-profit" for cooperatives. After all, profits in and of themselves should not be subjected to moral criticism, but rather the use and redistribution that are made of them. We persist in this idea, and it is a humble conceptual contribution we have been able to make in our relationships with the other cooperatives with which we have collaborated: without efficiency there is no cooperation possible and our transformation of the world cannot take place. Euskadi is above the average in the list of European regions ranked from lowest to highest economic inequality, and Eroski, together with the rest of the cooperatives, has significantly

helped to make this so, through those eight thousand quality jobs with advances that have traditionally exceeded the average for the sector.

Because we believe that intercooperation makes us better and stronger, over these past fifty years we have reached numerous agreements of different nature, purpose and duration. And without a doubt, the most significant, powerful and long-lasting cooperative cooperation in our history is with the current Mondragón Corporation, which Eroski joined in its first years of life. Although a territorial motive perhaps favored our coming together, the essential reason behind the decision was unquestionably the shared philosophy and accord with the rest of the projects that that still endures today, in excellent health and with great prospects for the future, and which is a world-wide reference in the field of social economy. The value attached to cooperation between different parties, together with the conviction that for it to be effective and lasting it had to be reinforced by agreements, either universal or multilateral, was the essential reason for the union.

The results obtained have proven us right. Mondragón currently consists of more than one hundred cooperative companies and two hundred and fifty entities as a whole; more than seventy thousand people on five continents; more than 12,000 million euros in aggregate turnover among the different projects that, on many occasions, hold territorial, national, European and even world leadership in their activities. In short, it is the foremost business corporation in the Basque Country, and one of the first in Spain, which brings together industrial activities from a wide range of sectors: finance, commercial distribution and knowledge.

Mondragón is not at all an ordinary business group. On the one hand, its principal entities are cooperative companies, with identical legal status. On the other hand, the glue that unites all these entities is simply the will to do so, which has lasted for decades and, with a few exceptions, membership has continued even if the leadership in the member cooperative changes. Among the companies that make up Mondragón there is no shareholding link that compromises the decisions of one in relation to another; no such mechanism exists, common in the business world. But, despite this, shared basic principles and objectives exist, and even a good number of strategies, policies, standards and projects are similar. In addition, common funds are created from contributions from member cooperatives with which to undertake development and social transformation projects. A dependably observed annual economic commitment that confirms the interest and willingness to continue being part of such a unique project, object of study throughout the world.

Our contribution to Mondragon Corporation has been possible because we share the same country-building culture of this community. This includes a measure generosity, based on trusting the other beyond what is being developed together at a particular time. It is a matter of opening up a path together, even if, in the purely tangible, in the economic, the balance



Presentation of Hispacoop (Spanish Confederation of Consumer and User Cooperatives) in 1990.

may be favorable or unfavorable depending on the moment, but that is the philosophy shared in its best sense. Eroski's size, its distribution activity and its status as a mixed cooperative have offered us fewer windows of opportunity than most industrial cooperatives. In reality, we have always been the diverse part of a group centered on an industrial culture. The vision of a mixed cooperative of consumers and workers is exceptional. Today Eroski's consumer partners are still not partners of Mondragón, our aspiration from the very first congress. And this is a perfect reflection of closeness and diversity. We are different, but share, in substance, the same vision of the world and thus can cooperate in a natural way.

All values are put to the test when crises force them to confront far-reaching decisions. Both Eroski and Mondragón have overcome quite a few crises and have emerged from them reinforced. But probably none of them were as serious and acute as the one that shook the world's foundations beginning on September 15, 2008, when the U.S. investment bank Lehman Brothers went bankrupt and generated the biggest upheaval the economy has known since the crash of 1929. A global and systemic crisis, a crisis that originated as a financial one and then grew until it also became an economic, consumer, social crisis... A crisis of values.

It was a litmus test for the value of intercooperation, an enormous, unprecedented test, which resulted in the greatest exercise of solidarity between different companies, manifesting itself in the contribution of hundreds of millions of euros to the company in serious crisis,

FAGOR; ultimately, these funds came out of the patrimony of the members of all the other Mondragon cooperatives. Of course, Eroski, because of its size and strength (we have contributed up to 50% of the workers), was one of the main contributors to this rescue, which, unfortunately, was insufficient.

Eroski's contribution to Mondragon goes beyond the material. It has also been very evident in terms of ideas and leadership. Numerous examples of the former are present in the basic documents of the corporation, such as those regarding principles and strategies or in the management model. Of the second, it is enough to recall two outstanding examples: Antonio Cancelo became president of the corporation, having previously been president of Eroski; and during the time of difficult adjustments due to the crisis, Agustín Markaide of Eroski presided over the Permanent Commission (a governing body of the corporation).

For our part, this crisis has subjected Eroski to the greatest difficulties and viability risk it has ever known. The response from all partners and workers has been, and continues to be, impressive, a demonstration of cooperative will in the face of an unprecedented challenge. A response that continues to amaze those who, from the outside, fail to understand this cohesive force of cooperation. Furthermore, Mondragón has been and still is a fundamental support in the face of this difficulty, and Eroski is grateful for this sign of intercooperation when it would have been easier to look the other way.

A precious example of intercooperation in itself can be seen in what, for many years now, has united Eroski and ERKOP, a business group that operates in the agricultural, food and service sectors. Originally, the motivation of the relationship was the desire to support small Basque agricultural cooperatives, a minority sector in need of professionalization and distribution channels. Cooperation with Eroski led to the development of professionals and products. And then came other projects in a relationship that has already lasted thirty years. And this is not a past history, but points directly to the future: the evolution of consumption habits brought about by the promotion of local products will have an impact on the relationship of cooperation between the two companies.

As the basic principles of the cooperative movement were defined at the first Mondragon Cooperative Congress in October 1987, intercooperation does not refer, in our history, only to that solidarity between cooperatives within the corporation, but rather "must manifest itself between cooperatives individually considered, between groupings and between the Mondragon cooperative experience and Basque cooperative organizations and cooperative movements in the Spanish State, Europe and the rest of the world".

That is why, in our history, from the 1980s to the end of the 20th century, we responded to requests to participate in events organized by consumer and agricultural cooperatives in different Spanish autonomous communities. This was the period when organizing processes began in the



Inauguration of the Elorrio Automated Platform in 2014. Intercooperation project between Ulma and Eroski.

cooperative sphere and Eroski was, for all of them, a benchmark. On the occasion of anniversaries, assemblies, the creation of federations, approval of new legal frameworks and laws, we participated in dozens of conferences, round tables and debates. We were there to offer whatever we could.

Social transformation is not some unexpected result of collaboration between cooperatives, but rather an explicit objective: intercooperation seeks to socialize a particular business model with specific values. The more widespread and generalized solidarity, commitment, equal opportunities and social responsibility are, the closer we will be to an inclusive and socially just society. And the more widespread that culture is in the community, the more we can protect the inspiring cooperative business model.

Whoever aspires to change society must start by changing themselves. And then, to win all possible allies: to cooperate in the same eagerness with other cooperatives.

Also noteworthy in our history is the active contribution in the structuring processes of the sector, from the regional to the national sphere, from the creation of the Federación de Consumo (Consumer Federation) and then the Confederación de Cooperativas de Euskadi (Confederation of Cooperatives of the Basque Country) to the constitution of the Confederación Empresarial Española de la Economía Social (Spanish Business Confederation of the Social Economy — CEPES) in 1992, representing cooperatives, labor organizations and mutual associations. Our entrepreneurial presence in the Consejo Superior de Cooperativas (Higher Council of Cooperatives) since its constitution deserves a separate mention. We have constantly acted proactively

in these processes and have played a leading role in some of them. This has been the case with the impulse and constitution in 1990 of the Confederación de Cooperativas de Consumidores y Usuarios (Confederation of Cooperatives of Consumers and Users — HISPACOOOP), which has

HISPACOOOP

Eroski's role was decisive in inspiring and constituting Hispacoop, the Confederación Española de Cooperativas de Consumidores y Usuarios (Spanish Confederation of Consumer and User Cooperatives). In fact, its presidencies are held by representatives of our cooperative. And, even today, Eroski continues to provide primary material support.

Hispacoop represents 176 Spanish consumer cooperatives which in turn associate more than 5,059,424 consumer members, more than 50,036 workers and a turnover of 7,841.26 million euros, according to data from 2016.

Hispacoop acts on behalf of cooperatives in various national and international forums of the social economy: it is a member of the Confederación Empresarial Española de Economía Social (Spanish Business Confederation of Social Economy – CEPES), internationally it forms part of Eurocoop, a representative organization of European consumer cooperatives.

As an association it represents the consumers of cooperatives, and is the only such association present in the Consejo de Consumidores y Usuarios (Council of Consumers and Users – CCU). In addition, through the CCU, it represents consumers in other consultative bodies such as the Consejo Económico y Social (Economic and Social Council – CES) or the Consejo Consultivo de la Electricidad (Electricity Advisory Council).

been presided over without interruption by Eroski. Eroski's representation in the European Community of Consumer Cooperatives (EUROCOOP) since the mid-1980s should also be highlighted.

Over the course of these fifty years, having designed our final goal has served to guide our decisions along the way and has allowed us to always evaluate the objectives achieved and measure the validity of the effort and dedication required in each case. When necessary, we have led projects, even at the risk of diverting personal resources, time and capacities from our own task. In many cases we have received deserved recognition for the loyalty of our actions, even if there were differences in the decisions. We have been flexible and conciliatory, tenacious in defining objectives and adaptable in the most appropriate means, forms and structures to achieve the proposed goal.

We have responded favorably to requests for collaboration to support the projects of other entities. But on some occasions we have clearly expressed our position and have gone ahead and accompanied proposals even if their views differ from our own.

We have learned that the circumstances and limitations of each organization are deci-

sive and that it is necessary to respect the processes of all of them, convinced that in the medium or long term we will be able to work together, even if in the immediate present it is not possible.

We have always steadfastly defined our organization, although we have been careful not to propose implementing it as a model at all times or places, as we are aware that our “model”

is the result of a pragmatic process of adaptation and our own learning process. A model, it should not be forgotten, that was born with the aim of transforming society through cooperative work. And that, today, is what is being demanded of us: to be more effective in terms of our commitment to society by adopting measures aimed at fulfilling the objectives of the cooperative community to achieve a fairer and more supportive society.

As a society, we are beginning to realize that our welfare state depends on two exploitations, which we are abusing: developing countries and future generations. Reactions, movements, have already appeared. We do not yet know what they will turn into, but we do know that cooperation has a great future in this context. Cooperatives, and ours in particular, will have a responsibility: to be vigilant in order to take the first necessary steps and to help other agents of transformation to initiate action. The values of our first fifty years will be just as valid in the next fifty, and their reflection in our actions will adapt to the times.

EROSKI'S INTERNATIONAL INTERCOOPERATION

Eroski's collaboration with European cooperatives has been constant.

In our early years, Migros was a source of inspiration, especially in the consumer field, as years later would be the relationship with Coop Suisse.

Due to their geographical and cultural proximity, French cooperatives were a nearby and frequently visited resource and a sad warning due to their painful demise (the Coop Adour Pyrénées, based in Pau, ended up forming part of Eroski, an experience rich in human and entrepreneurial aspects).

Collaboration with Italian cooperatives, undisputed leaders in their market, has been longstanding and profound, to the point of personal friendship between leaders. Both in the political-representative structure (Lega) and the executive structure (CoopItalia). The history of the collaboration began in April 1985 with the *Hermanamiento-Gemellaggio* ("Twinning") between Emilia Romagna-Lega and Eroski. In July 1992, some Lega federations set up the Grupo de Distribución Europeo (European Distribution Group – GDE), a financial instrument for participating in the expansion of Eroski hypermarkets in Spain. The harmony between the two organizations has been reinforced by the frequent consolidation of positions on shared international platforms (Intergroup, Intercoop, Eurocoop...). As in any couple, a good relationship is also strengthened by mutual admiration: for Eroski, its commercial leadership, the creative partnership life of the consumer – doubly implied by the financial section offered. For them, the social condition of Eroski's workers and the integration of the political and executive leadership into a single head. For years we arranged annual meetings: an exchange of information and best practices related to stores and in the relationship with consumers.

In European cooperatives Eroski's uniqueness in having workers as members has always sparked interest, as for us the active role of their consumers or their veteran "cooperative banks" – a diversification beyond the scope of a young Eroski.

In March 1995, Eroski joined Intergroup, the central purchasing group, together with Coop Italia, CWS (UK), FDB (Denmark), KF (Sweden), NKL (Norway), Intrade (Finland), EKA (Finland) and Procoop (Hungary).

The Importance of Swimming Against the Current

Ariel Guarco

President of the International Cooperative Alliance (ICA)

We cooperativists have always felt that we are swimming against the current. This is not a weakness, it's an attribute. It is why we set up our cooperatives, to swim against the current; to achieve what we cannot do using other business models because it contradicts their nature.

Cooperativism develops its full potential when it converges with social movements that need to swim against the current. Otherwise it is not much more than a set of original recommendations for the management of a company.

Perhaps I can illustrate this with an example. Today, large sectors of society are concerned about what they consume. Over-processed food is increasingly viewed with a critical eye and we care about where our food comes from and the impact this has on the environment.

Many of the people with these concerns come to the conclusion that the alliance between transnational retail chains, large, concentrated food companies and a hegemonic media has built and continues to build consumption patterns where the priority is not

nutrition, but addiction to standardized food products.

And those who think this way conclude, naturally, that it is not enough to sporadically evade the dominant food system: it is necessary to build sustainable business forms that make responsible consumption viable.

And at this point, what solutions are offered? Appeal to the social responsibility of those who profit from the consumption patterns that harm us, the same increasingly concentrated companies? Appeal to public control, by a government conditioned by that same concentrated economic power?

Many will come to the conclusion that the solution is to have their own, democratically run businesses that respond to their wishes and interests as consumers. And these people will discover that they are cooperativists.

Cooperativism remains in fashion as long as there are social collectives that choose it as a way to achieve their aims. Cooperative structures, however, may be left empty because they no longer represent

a social collective with a common identity and objectives that go beyond the cooperative as a business.

If the only bond of the cooperative with its members is the relationship with the member as an individual, if it only thinks of its services in terms of the needs of each individual, then yes, cooperatives end up building a relationship similar to that which any business has with its client, and their forms end up merging with those of a socially responsible capital company.

As the International Cooperative Alliance so accurately defines it, a cooperative is an “autonomous association of people who have come together voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled company”.

It's first an association of people and then a company. Whoever leads a cooperative must assume this dual nature. It must manage a company and must represent the social group that constitutes it. When the function of representing members is lost, when members become just customers to be served, then we have lost our cooperative nature.

Assuming the function of representation is not a mere act of voluntarism. It is a task of leadership, which must include among its objectives the construction of identity and the construction of social capital (as

relational capital with the rest of the actors with common interests in the social subject the cooperative represents).

Consumer cooperatives must be able to represent their members in the construction of common actions with consumer organizations, municipalities, organizations of agricultural producers and fisheries, local development agencies, etcetera. Nothing is more stimulating for local development than organized consumers with a commitment to local production.

Work cooperatives must be able to represent their members and to build links and strategies with trade unions, labor authorities and other actors involved in local production.

How do we know if we are fulfilling our function of representing members, assuming our nature as a social organization, not just a company? There are two key questions:

Can we raise the problems of the cooperative with members? Can we tell them that we are having problems with a service and we need their collaboration to improve it? Can we ask the member to join us in a complaint against a regulation that discriminates against us? Can we invite them to contribute funding to a project that benefits everyone?

A cooperative that cannot present its problems to its members is not a cooperative, it is just a company that dialogues with its clients. The day it becomes necessary

to summon members so that, as part of a social organization, they can contribute their solidary effort, these members will not show up. In this case, we are witnessing a cooperative that has not assumed its role as a social organization.

The other question is: Is the member approaching the cooperative for reasons outside its main purpose? Or is the cooperative seen solely as a provider of services? Is it a meeting place for finding solutions to problems that go beyond the specific service?

The cooperative, as a social organization, must be a place of reference for the member; it must be able to deal with a range of its members concerns, either by itself, or through its links with other organizations or programs.

If the cooperative cannot present its problems to the member and if the member cannot bring to the cooperative any concerns that are not strictly linked to its aim, then, we insist, we are dealing with a cooperative that does not assume its social nature. It is a cooperative that is vulnerable, that has not managed to build roots with its community beyond a commercial relationship.

We must not only assume our double nature of being social and business organizations, with the consequent double role of our leaders (both representing and managing the company): we must (choose) to do them for the values.

There are those who feel, for example, that we should abandon democracy because it is quicker and less costly if only a few people make decisions, or that, in the name of our companies' competitiveness, we forget mutual aid because what matters is to crush rivals, or we should forget about equality because it dampens our motivation.

All of those who say these things are blind, precisely, to the fact that democracy, mutual aid and equality are our goals, our life choices.

If the companies we build do not comply with the values we choose, then they are of no use to us. Democracy is not reached as a goal if we do not first choose it as a path.

We will not be able to build an alternative business model, whose engine is solidarity and not profit, if we forget solidarity along the way. It's simply a contradiction in terms.

Cooperativism will never cease swimming against the current, because the tension between democracy and the concentration of power will never disappear. By now we have left behind, perhaps with nostalgia, those utopias of the cooperative republic, of economic systems constructed entirely on the basis of human community and the principles of mutual aid.

We have to reconcile ourselves with the idea that we are swimming against the current. That we will continue to do so for

generations, and that is why we are the best vehicle for those who want to swim against the current: for those who want to build an economy by means of democracy, with the interests of the community and against economic power. They are the ones we convoked and we will stop convoking them if we lose our identity.

The societies in the best conditions to guarantee the happiness of their men and women, we cooperativists believe, are those in which the community can decide, to a greater extent, what it consumes, how it produces what it consumes and how it distributes this production based on the exercise of democracy, and not delegating these decisions to economic power.

To assume our historical role as a movement, in favor of democracy as a necessary path towards sustainable development, we must begin by correctly characterizing the international context: we are living in a stage of economic globalization hegemonized by financial capital.

In this scenario, local communities need entrepreneurial forms that build an economy with roots, with identity and commitment to the sustainable development of their localities.

Our generation of cooperativists chooses to swim against the current: we are social organizations that run companies based on values, part of a movement capable of

building an economy with roots in the face of globalization hegemonized by financial capital.

About the International Cooperative Alliance

The International Cooperative Alliance is a federation of cooperatives that serves to bring together, represent and serve cooperatives from around the world. The organization was founded in London in 1895. It currently represents 1.2 billion people on five continents and is the standard for the cooperative movement. The official languages of the organization are English, Spanish, French, German and Russian. Its headquarters have been in Brussels since 1982; it was previously in London (1895-1982) and Geneva.

Vision

The alliance aims to be considered the organization of reference with an effective and efficient global voice, a forum for the exchange of knowledge and expert and coordinated action for and about cooperatives.

Mission Statement

The International Cooperative Alliance brings together cooperatives from around the world, upholds cooperative values and principles and defends its distinctive values-based business model, which also

provides individuals and communities with an instrument for self-empowerment and influence over their development. The alliance advocates for the interests and successes of cooperatives, disseminates best practices and best experience, strengthens their building capacity and monitors their performance and evolution over time.

Facts and figures

Cooperation is not a marginal phenomenon. More than 1,200 million people, equivalent to one in every six inhabitants of the planet,

are members of some cooperative, of the 2.6 million cooperatives that exist.

Cooperatives contribute to sustainable economic growth and quality and stable employment, employing 280 million people worldwide, in other words, 10 per cent of the world's employed population.

The International Cooperative Alliance is one of the largest non-governmental organizations in the world in terms of the number of people it represents. The alliance directly represents 700 million people through approximately 306 members from 105 countries.

Social Justice and Rights

Garbiñe Biurrun Mancisidor

Magistrate and President of the Social Chamber of the High Court of Justice of the Basque Country

The period we live in is one of the rule of law, of the democratic state and also of the social state. In this state and many others. These three qualities that adorn a state are, of course, in principle, a guarantee of social and human progress. But this guarantee has to be expressed in a clear, radical and unconditional way if we want to achieve the full realization of human rights for all people. And these three attributes must come together inseparably in order to achieve the values of freedom, justice, equality and political pluralism that, in the specific case of Spain, the 1978 Constitution proclaims, along with many others.

Because, as Nelson Mandela reflected in 1998, “If there is no food when one is hungry, if there is no medicine when one is ill, if there is ignorance and the basic rights of people are not respected, democracy is an empty shell, even if the citizens vote and have a Parliament”.

This concrete “social” attribute of the state expresses, in reality, a kind of “social contract” between public powers and citizenship with the purpose of making effective the economic and social rights of

people, that is, in the expression of the objectives of equality, social justice and freedom in what is known as the welfare state.

This is a social rule of law that must be linked to the constitutional provision of attributing to the public authorities the responsibility of promoting the conditions such that the freedom and equality of the people and groups in which they are integrated are real and effective and the obstacles that impede or hinder their plenitude are removed and the participation of all citizens in political, economic, cultural and social life is facilitated.

This real and substantial equality as the engine and destiny of the activity of public authorities is connected, in turn, with the provisions of constitutional and international texts relating to the dignity of the person as the true foundation of political order and social peace. In these terms, it is clear that the realization of the challenge of real and substantial equality presupposes advancing ceaselessly on a path towards the attainment of these objectives or, in other words, towards the attainment of a genuine democracy of quality. Doing so, however, must

inevitably reveal the enduring impossibility of attaining said goal or, at the very least, the difficulty of attaining in reality what has been constitutionally declared.

For what is clear is that there can be no freedom without equality and that freedom and equality are indispensable for dignity and justice. And that without these there is no peace, as is evident at all times and in all places.

Economic, social and cultural rights have essentially been developed throughout the 20th century, notably in the international arena, where formal declarations have given them substance. The Universal Declaration of Human Rights of December 10, 1948, the 1950 European Convention for the Protection of Human Rights and Fundamental Freedoms, the 1966 United Nations International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights, the 2000 Charter of Fundamental Rights of the European Union, the 1989 European Social Charter, as amended in 1996, and the 2007 Universal Declaration of Emerging Human Rights have shaped social rights as they are understood today.

It is clear, however, on the one hand, that the catalogue of social rights is not definitive and has to be adjusted to new human needs and, on the other, the social rights recognized today, even constitutionally or in international declarations, have a

very diverse scope and enjoy very different protection and legal guarantees — we may recall here the lack of effectiveness of the right to housing, for example. And this is so despite the fact that we should start from the clear and underlying idea that social rights, like all human rights, are “fundamental” rights, since no human right ceases to be so, since the assurance and protection of the basic levels of existence for a dignified life and for the free development of personhood are indispensable for the exercise of the traditional rights of freedom.

In reality, however, people’s aspirations and rights are the same as they have always been, even if they manifest themselves differently according to changes in how we live. Indeed, today it is clear that to live in freedom and equality access to energy and new technologies is essential, without this implying new rights, but rather the reformulation of traditional ones.

In this sense, equality is the essential element for the dignity and freedom of all individuals and groups. It is an objective and a basic value of coexistence whose content has evolved. At present, equality is manifested in distributive justice, the objective of which is none other than the equal right of all people to have access to the goods necessary for a dignified and free life, in what we call “equal opportunities” or “fairness”, always, moreover, accompanied

by an exercise of constant positive action in favor of the most disadvantaged people and groups.

Equality and the means to achieve it is demanded mainly of states and international institutions, of course, although this demand is also maintained on individuals in keeping with the historical idea of fraternity, today translated into solidarity, embodied in a good number of attitudes and social movements that contribute in an essential way to achieving this great goal.

But if equality implies equality of opportunity, it also implies acceptance of human diversity, everywhere, with our diverse and heterogeneous identities, characteristics, aptitudes, capacities and limitations, in what has become the principle of social inclusion of all people. Inseparable from this, moreover, is the principle of multiculturalism, according to which all the rights of all people and groups must be recognized equally.

It is essential to remember the principle of equality also at the level of gender and sexual diversity, which is essential for the achievement of the goals of freedom for all people and justice and peace for all societies.

Thus, today, a comprehensive universal human rights system is the tool without which it will be impossible to fight against the injustices generated by various types of acts, such as those produced within the

framework of a world economic order that is neither satisfactory nor sufficiently regulated and which has generated the very serious social consequences we are now witnessing in our surroundings and which for some time have been taking place everywhere on the planet.

For indeed, likewise in our socio-political condition, we now face a dramatic situation, the result of laws that have transformed decent work into working poverty for many people, most particularly young people and women. Today, employment does not guarantee equality and, therefore, freedom and dignity for individuals. Thus, the neoliberal economic austerity policies that have been implemented constitute a danger to decent work and public social benefits, a danger that is unprecedented in the recent history of the so-called “developed” countries, with a clear weakening of the measures traditionally aimed at boosting employment and protecting wage income.

What can be done about this? How can we preserve a situation in which the basic rights of all people are ensured? Various options exist for achieving the goal of safeguarding a dignified life, with all that this entails of enjoying the numerous rights previously mentioned. A dignified life that institutions must guarantee to young people and to the rest of the population and that can be materialized through actions — in addition

to macroeconomic policy, of course — such as guaranteed youth employment and the construction of a pillar of social justice such as universal basic income, which is already being attempted in various places.

Guaranteed employment is an inalienable goal. Indeed, public institutions must reflect deeply on the matter, given that they even routinely outsource services that fall within their competence, with the consequent renunciation of quality employment. In this sense, we must take as our starting point the consideration that work is the social relationship on which the economic system and the structure of our society is based and that it is the rights derived from work, individual and collective, which today allow us to define the condition of citizenship. And only if guaranteed employment is not possible or sufficient and if it does not allow each person to work with dignity according to his or her abilities and possibilities of any nature, should the mechanism of guaranteed minimum income come into play.

It is no longer a question of generating new rights, but of giving real and effective content to the rights already declared and consolidated but still lacking in materialization for all or the great majority of people, even in our own surroundings.

On the other hand, citizenship today is not defined exclusively or principally by

participation in electoral processes with a certain temporal frequency. This requires institutions of permanent democratic participation, collective democratic instruments and social mobilization, including some that are so highly vilified today, such as the right to demonstrate or strike, and the demand for a broad right to direct and free decision-making by citizens on the issues that most affect them, in all areas.

Unquestionably, there is a way out and a future because we have rights. Rights that must be brought up to date, such as the right to participate in the decision-making processes and management of public affairs, attributing individually and collectively a higher value to shared spaces than to private spaces. For indeed, it is in shared spaces that the equality and freedom of each individual becomes possible, because private space does not equal us, but distances us and differentiates us. Rights we must exercise through a different way of being likewise in those shared spaces, in a cooperative way, starting at school, because there is no question that together we progress further and, above all, we do so without leaving anyone behind.

And, in my opinion, this all serves to reflect from another perspective on the welfare state to which we aspire, because we have accepted it too uncritically, without questioning the system, a system that,

even today, has not managed to extend all rights to all people, not even in our own surroundings, a system that has been built without regard for the participation and empowerment of citizens.

We live in a world beset by social fracture, and not only in relation to people from other places where a degree of human and social development is still a distant goal. Here, too, we are on the brink of this fracture: a significant number of our citizens

live below the poverty line and we are unable to welcome those who, despite all the dangers they face, decide to try to come here in search of the dignified life they are entitled to.

This is what matters: for all people to have the same rights so that all of us are equal and free and our daughters and sons are too, and for all of us to fight together for what is ours, for what is shared, for what is important.

1.6

The Feminine: Worked Equality

Emilio Cebrián

Social Director (2001-2017)

Marta Carazo

Head of Social Management

Anabel Zariquiegui

Regional Head of Hypermarkets

Beatriz Santos

Commercial Director

The opposite of equality is not difference, but inequality.

Victoria Sendón de León

We usually say we are a female company because we are many women (80% of the collective), in a sector that is mostly female, and because our customers are also mostly female customers and, in fact, we communicate in the feminine form.

The workers, (the) customers, (the) cooperative, (the) company, (the) distribution, (the) store, (the) partner...⁷ The feminine form appears often in Eroski's daily language.

Without question, our composition leads us to have internal policies, in terms of conciliation and performance of our professional tasks, which have been and continue to be among the best in our surroundings. But, although this facet is very important, we do not believe that it is the most important. What really matters are other things: how this feminine character permeates decision-making, how we have been sensitive to needs and concerns that have not been taken into account in other companies, how we women have been and are present in all the processes and in the governing bodies. What differentiates us is what we women in Eroski have done, thanks to an equality policy that is in the DNA of the cooperative. "One person, one vote", regardless of gender, for one's own merits.

What today is the norm for us, was very rare in 1969, and indeed we often forget how much of a difference it makes to the condition of so many people in our surroundings, because it forms part of our day-to-day history. We only have to recall what the social and legislative framework was at the time, one in which a husband's permission was necessary for his wife to be able to work (the so-called "marital leave", a requirement that remained in force until the 1975 legislative reform); in which marriage was, in the case of women, cause for the termination of her employment contract and in which the laws did not guarantee job stability for those women who wished to continue working. Discrimination also manifested itself in wage differences in general, an issue that, incidentally, is still unresolved fifty years later. And if we broaden our focus, women at that time could not open bank accounts, order their own passports, or have driving licenses, to name but a few restrictions, without their husband's permission, who was the one who could dispose of all the wife's goods at will, sell her property and move her money without her consent or signature.

In this context, a company was born that did not discriminate on the basis of gender, in which, moreover, there were more women than men and where, from the very start, they had the capacity to make decisions the same as men. Eroski was an island where female employment was created when it barely existed outside the walls of the establishment.

7. Translator's note: All of these appear in Spanish in the feminine form: *Las trabajadoras, las clientas, la cooperativa, la empresa, la distribución, la tienda, la socia.*

Furthermore, it was quality employment for women on an equal footing with male workers. As partners, not as employees; as owners of their decisions; without a salary gap, because that was incompatible with our founding values.

The company was a gateway to the labor market that also translated into access to training, to professionalization. It has always been common to find women in the commerce sector, but what was not usual was for them to be trained for it, since at that time studies were mainly tailored to men. And not having studies was the next obstacle in one's path: without them, one could not ascend. So, moving forward a little in time, the possibility of internal training, of acquiring experience and practice, meant several generations of women could rise in the company. Eroski strengthened these capabilities and made it possible for women

To always follow the masculine figure, always seeing men lead, rarely a woman, gives form to a specific culture (a masculine pattern that perpetuates a relationship of dependence). This was the norm in companies in 1969, and even today, in many of them, it is not very different.

However, a company where women or men are chosen indistinctly in management – even more women than men in middle and senior management – must necessarily build a different (female?) culture.

This is Eroski's case. Those who present the company's strategy are often women and those who judge it in meetings and debates are mostly women. This practice has necessarily imprinted a different (female?) cultural watchword.

to occupy leadership positions from an early stage in the company's history. As time went by, more leadership positions emerged that were accessed by women. And since we have never practiced anything other than promotion by merit, there has never been a glass ceiling — or it has been easy to demolish — so we were the first company in the distribution sector to have a woman manager of a hypermarket and there have always been women on the Board of Directors, which is the smallest group in our structure. The ratio now is one of parity, but this does not respond to a policy of quotas, but to a business reality.

In a group with this composition, it is not surprising that women have mainly occupied the representative bodies. If we bear in mind the decisive role that this representative struc-

ture has on personnel policies, we will understand the importance of the female gaze — to the extent that this gaze is habitually different from a man's — in the exercise of power within the cooperative.

The presence of more women in leadership positions makes the company's character in its day to day functioning different. It is noticeable in the style of direction, in the participation, in contributions of all kinds. We believe that this feminine character forms a demanding, pragmatic, effective, committed leadership style, exercised with a deep, real responsibility,



Assembly at the Elorrio platform held in 1980.

in which it is not just a question of doing the things that need to be done, but of doing them well. And it is a more inclusive and participatory leadership, because women, in general, share authority better and do not see it as power.

Criticism is also exercised differently. It corresponds to that profile of self-responsibility and responsibility. Constructive criticisms are made, based on a broad knowledge, on the analysis of more data, and which respond to one of Eroski's values, that of participation. Would we have the same critical level if the organization were made up of 80% men? We are sure that other traits would define us.

It is said that women are more about analyzing, reflecting, measuring, and that this can slow down processes in all areas, from the store to the assembly. We decide more quickly, but we ask for more data in order to be able to do so. However, the decision will be more solid.

We have never done things to look good, but because we start from equal opportunities, because the equality of people is integrated into our company. It's our history...

...And yet when we undertook the first equality diagnosis in 2005, we found there was room for improvement. We detected, for example, that when we considered cash register positions, we thought about women and we didn't offer them to men because we thought



The store team of the Maxi Eroski in Llodio on the day of the store's inauguration in 1991.

they weren't going to want them, because they would clash with the socially predominant idea about which types of employment are masculine and which are feminine; the same thing happened with part-time working days. And no women were heads of franchise zones or supermarkets. The opposite was also true, we didn't think textiles were for men. These were prejudices that, as a result of that first diagnosis, we discarded through action.

All of this refers to Eroski's inner workings, but we have always had a clear vocation towards the exterior, to educate and inform consumers, and we have carried out pioneering actions aware that the consumer was and is a woman. The "Leioa's Tuesdays" and "Bilbondo's Thursdays" were aimed at women in charge of shopping, and we addressed them in a different language: one that understood that on the other side was someone who managed a family, who had the enormous responsibility of ensuring it consumed and ate healthily. We are committed to this improvement, with environmental criteria as well, and we even hold psychological care meetings, providing information on how to manage family problems. This is training for women.



The store team of Eroski Abadiño in 2017.

Our study of the housewife (1988), which quantified her work in monetary terms, gave value to her task and made it clear to her that she was being discriminated against in tax matters. And it's still valid. We continue to be a point of reference, although we must find new channels and proposals to continue adapting to what society demands of us. If we don't, we'll be just another company, when in fact we've always tried to progress.

Matriarchy?

The existence of this anthropological category is not scientifically accredited. But it's still expressed this way. Probably because the position of women in the Basque Country has always been influential. And it is possible, for the same reasons, that their position in Eroski has been so too. Basque culture empowers its women very much, due to the role they at home; their power to organize, to manage, to decide without being subordinated to the predominance of the man (a man, in past times, frequently absent from the house because of his particular type of work). In family life, ancient Basque culture has reserved for the *etxeakoandre*, the lady of the house,

a leading role, not in the least secondary or submissive, in domestic organization and even in certain religious areas. A culture with a profound anthropological background, which some prefer to call “matriarchalism” rather than matriarchy, but which in any case offers indisputable evidence of an important role for women in family and social organization. It is not hard for us to imagine that the forces of that cosmogony have impregnated the way we do business.

Conciliation

In an organization consisting of 80% women, the treatment of the period of pregnancy is normalized in our cooperative, because from our very origins it has been part of how we do things. Whoever says it’s a problem has a problem. Maternity leave is shorter than that of a man who breaks his ankle twice playing football, which is not so uncommon. And considering that in our society the average rate of childbirth is a little more than one child per woman, this amounts to 16 weeks of leave in a lifetime (more or less, the equivalent of a sprain and a broken bone).

A company made up mainly of women may have a higher rate of absenteeism than other organizations because, although society progresses, mothers are still the ones who more often take care of children— as well as of fathers; indeed, of any person in the family who needs care. With the added handicap of missing out on opportunities in one’s professional career as a result of this dedication. This has a price for the company, as a consequence of being a “woman” and belonging to the distribution sector, in which the average salary is lower than in other sectors; and whose salary continues in many cases to be perceived as secondary or dispensable for the household. This cultural conception of roles in society (the man has to be the head of the family and the woman may or may not contribute economically) is detrimental to everyone.

Feminine values

We are convinced that Eroski’s values are values which correspond to the characteristics usually associated with women and which are related to an orientation towards people and care, management of emotions, cooperation and multi-tasking, predisposition to change and greater capacity to adapt.

- **Participation:** One of the main differences between a cooperative and another type of company is participation in management, decisions and profits.
- **Social responsibility:** We contribute to the well-being of the community in which we operate, influencing its social, cultural and economic development through the distribution of wealth in solidarity.



Board of Directors in 2017.

- **Innovation:** We believe that permanent renewal in all areas of our activity is necessary for business progress and to adapt to the expectations that our activity generates in society and consumers.
- **Commitment:** We integrate the defense of health and safety into our day-to-day work through a range of wholesome, safe and healthy products and through transparent, useful and complete information. At the same time, we reduce the environmental impacts generated by our value-added activity for the consumer and the wider community. We carry out a large part of this activity through the Eroski Foundation.

Caring is an orientation, a practice, a mostly feminine gender role (more than one of sex): caring for children, the family, the elderly, nature...

The ethics of care synthesizes well the moral values of intimacy, compassion (empathy), attention to the other, conciliation, cooperation, expressing agreement and support rather than arguing...

Ensuring orderliness, paying attention to details, governing with prudence, persevering in efforts, taking good care of shared things ... are qualities more in keeping with feminine talents.

Caring as a value must also be a universal value, in the same way that the value of justice is universal; this is a constant demand of the feminist movement.

Being a Woman, Acquiring a Voice of One's Own

Marina Subirats

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For millennia, being a woman, like being a man, was something that could not be analyzed or discussed. One was a woman like a chicken was a chicken, or a cow a cow, or even a pine or chestnut tree: nature produced different beings, according to a divine plan, and each of these beings behaved according to what nature dictated, without asking any further questions. Sometimes, it is true, struggling against what the destiny of being a woman apparently prescribed; we know little of these women, but many of them indeed clamored against their destiny, because many had a desire to learn, or to travel, or to create, which was also in their nature, and yet they could not satisfy these desires, because the society of their time did not consider it proper to women.

This was already a first symptom that something was wrong with the theory of behavior according to nature, for indeed, did anyone see a hen behaving like a rooster, or a pine like a chestnut? One

didn't, did they? Something about human beings was different, coming from some principle other than nature. And it was precisely this that, in many cases, caused people, women or men, to come into conflict with the model of life that, apparently, they should have followed without difficulty of any kind.

Another symptom also led one to suspect that not everything in human beings came from nature: although it was not questioned that a woman was a woman and should act as such, it was always recognized that there were certain degrees of femininity, just as there were of masculinity. "To be a real man", "to be manly", "to become a man" weren't things said about the entire masculine gender, just as not all women deserved the qualifier of "being a real woman", or of "to be every inch a woman". A first warning: femininity and masculinity did not come as a given, it took some work to achieve them in their fullness. Was it nature's failure or was there a different cause?

Genders appear. From fixed destiny to freedom of choice

Being a woman has not only meant, throughout history, having to adjust emotions, desires and behaviors to a certain model prescribed by society in the name of religions, laws, customs and even, later, science — something that has also happened to men, in relation to the prescribed model of masculinity — but it has also meant being a dominated human group, subject to the desires and designs of the dominant group, the masculine one. Hence the asymmetry of positions, the emergence of the feminist movement and the high degree of reluctance of men to abandon this ancient order of things. Because, indeed, male and female models resemble each other in one respect: they are both constraints imposed on individuals according to their sex; but they are totally different in another: the male model provides access to power, authority, knowledge; the female model denies access to all these domains, and prescribes submission to patriarchy as a central element of women's proper behavior.

We still have many examples among us today of how women are expected to be obedient and submissive, and how men are supposed to have the right to possess their own women and even those of others. Times are certainly changing, and we must remember the situation of women in Spain

throughout the 20th century: a clear social inferiority, with very high rates of illiteracy, without the right to vote, totally detached from politics, subject to the designs, first of all, of the father, and later of the husband or son. Spanish women were, by definition, brides, wives and mothers with no horizon other than family life; any woman who did not reach such a category was seen as an unfortunate, useless burden for the family. The only common destiny: to please men, to give birth, to take care of them, to take care of their well-being and pleasure. A situation that was not only a moral prescription, but was supported both by the laws and by the social control of the environment, with very harsh penalties, which could even include death, for anyone who dared to contravene such controls. I am not exaggerating: literary works give us faithful testimony of this condition, from *Doña Rosita la soltera* or *La casa de Bernarda Alba* by Lorca to *Los horneros de Don Friolera* by Valle Inclán, in which the whole town demanded that the husband kill the adulteress, a right he had to fulfill to keep her example from spreading.

Many women in Spain wanted to change, and the years of the Republic were their first opportunity; they cut their skirts and hair, studied, created clubs where they met, wrote, painted, traveled, loved, worked. Still a minority, of course, but there

they were; unfortunately, it was a short spring; the dark night of Franco's regime returned them to due submission; the brief insubordination left a deadly trail: workers, teachers, political militants imprisoned and executed; a thousand difficulties to keep married women from working outside the home; segregated education for girls, curricula overloaded with household chores, labors and prayers, as had been previously prescribed by the educational laws of the 18th and 19th centuries. And, again, chastity, discretion, service to others, obedience, as major lines of feminine behavior, which could never be crossed without serious threats to the transgressors.

Democracy, with the Constitution of 1978, marked a before and after in the life of Spanish women. The Constitution prescribes equality between the sexes, although it makes some proviso, for example, in the case of the succession of the Crown. A great step forward, which, above all, opened the possibility of starting on the long road we still find ourselves on today. Around 1976, after the death of the dictator, the first feminist groups appeared in the main Spanish cities; the demands were successive: equality before the law, divorce, abortion, decriminalization of adultery... Laws had to be changed, it was a fundamental step, but it was not enough. At the same time, some university professors

began to research, to create seminars or even institutes of feminist studies. This was another fundamental step to know where we women are, what we do, the reason for the oppressions that crush us, above and beyond the laws. Women's associations emerged in neighborhoods: they began to denounce mistreatment, the murders of women at the hands of their relatives, the silent and silenced work of women in the home. In a few years, the panorama changed in Spain; not as much as would be desirable, but more than our European friends had ever imagined the Spanish could achieve, dominated as we apparently were also by the Catholic Church.

Internationally, the landscape had also changed. Simone de Beauvoir's *The Second Sex* had been a loud knock on the door in 1949. Betty Friedan's *The Mystique of Femininity*, a cry that brought many Americans to their feet. A concept emerged, "gender", which allowed us to think differently. Being a woman was no longer something strictly derived from nature, something that was in our genes and that developed unavoidably; along with nature another principle was in play, society and its cultural forms, which prescribe from the birth of human beings what their behavior should be according to their sex. And, unlike nature, which is presented to us as an immutable principle, culture can change. There is therefore no

eternal reason that justifies the domination of men over women, nor the limitations of both to the generic models of each society. Everything can change and everything must change, according to the feminism that emerged in these years.

Where are we now?

In Spain, the laws have changed and are now egalitarian. Mentalities, partially too, but even so real equality is still a long way off. The public world has largely opened up to women: universities, professions, companies, mayors and parliaments, even police forces and the army now admit women into their ranks! At this time, only one institution continues to reject the presence of women in its hierarchy, the Catholic Church, which continues to confine them to a strictly feminine sphere, the convents of nuns, far from any possibility of priesthood.

Nonetheless, equality is still a chimera. There are fewer women than men in management positions in companies, in political parties, at the head of governments or in the mainstream media. A wage gap exists, the assessment of which fluctuates according to estimates, but which indicates women earn about a third less than men. Above all, however, the problem is that women's changes have not been accompanied by similar changes in the male gender model and, consequently, men continue to think

that they are superior, that they must impose themselves and show their virility by forcing their surroundings, and especially women, to abide by their will and be at their disposal. This often leads to violence, the so-called "gender violence", which must be understood as "macho violence" or "male gender violence", which reveals a very high level of aggressiveness toward women: murders, mistreatment, rapes... There are still too many men unhappy with the emancipation of women, who will not resign themselves to losing the control they have historically had over them. Hence a phrase that became famous and that synthesizes well the current situation: "men look for women who no longer exist, women look for men who do not exist yet." A misunderstanding that explains in large part the difficulty of men and women to build stable couples in this historical stage.

This imbalance, derived from men's fear of losing the power and pre-eminence they have held over the centuries, is one of the main problems we face at the moment. In recent years, it seemed that women, educated still in the belief of romantic love, would give up the fight for equality, as this often involves confrontations and conflicts with men. Recent events, from the women's march in Madrid in defense of the abortion law, to the huge demonstrations of March 8, 2018 and those of the following months

around the so-called “sentencing of the wolf pack”, have shown that a new generation of women, born now in a democratic Spain, is not willing to take steps backwards, and considers equality to be something normal, which cannot even be discussed or questioned. Everything leads us to think, therefore, that feminist demands will continue, and that women’s lives will continue to evolve and gain new heights of equality and freedom.

And where are we going?

In social life, nothing is written. The future is never a linear extension of the present, because in less visible areas of society forces are constantly working to constitute new impulses and generate new changes. Forces that we cannot measure or foresee but that will act at any moment generating new unpredictable evolutions.

Where is feminism, women’s demands, our way of life, going? The scenario that we can foresee, according to the force feminism is acquiring worldwide, is towards a more egalitarian society, with a series of profound changes. The central change is that of the trend towards the disappearance, or at least the weakening, of genders. Does this mean that there will no longer be men and women? Of course not: the sexual difference will remain, at least as far as we can see, for a long time to come, and will hopefully be

a perpetual feature of human life. But sexual difference concerns only reproductive organs and functions, not life forms. So the disappearance of genders means the dissolution of the models that prescribe and classify people’s behaviors according to their sex. To give a few examples: we already see it as normal for women to wear skirts or trousers; this fact does not suggest any specific sexual behavior; yet, on the other hand, we are struck by a man dressed in skirts, unless it is a feature of a culture other than our own. When we also consider this fact as normal, genders in the field of forms of dress will have disappeared.

This example is, of course, a metaphor. Alongside this change, there must be much more important changes: men taking on half of the reproductive work, i.e. caring for people in the private sphere, no longer feeling obliged to fight, compete, measure against each other and impose themselves on women, and women, in turn, becoming self-confident, not afraid to show their desires and abilities. In other words, we must move towards an androgynous culture that recognizes women’s contributions to human life, gives it priority over any other objective and takes the best of each of the two genders to universalize it and allow all human beings to consider it as their own.

This is a probable scenario, although not immediate or without difficulties. But it

is not inexorable; too many historical junctures have shown that there are times when men prioritize struggle among themselves, and then the cause of women, always more inclined towards peace, recedes. And at the present time we see many negative factors, many conflicts and confrontations on the horizon that endanger the leap forward of civilization proposed by feminism through

deepening equality and the freedom to be, the abolition of domination and, above all, respect for life. That is why it is important to strengthen feminism and make a broad appeal to men to understand that, far from posing a battle between the sexes and threatening them, feminism is probably the most powerful civilizing movement of our time.



Artwork by Caro Baroja for Eroski in honor of the delegates of the General Assembly.

Part 2

THE DISTRIBUTION COMPANY

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2

The Distribution Sector

Agustín Markaide

President of Eroski



There is little resemblance between today's distribution sector and its current operating rules and what they were fifty years ago.

The consumer has changed, as we shall see in the next chapter, and this alone would be enough to provoke an escalation of very significant changes. Along with this, however, sales formulas have also changed, as have the power of companies in the different positions of the value chain, the technologies applied to communication and management, the costs of the resources used, the opening up of markets, and so on.

And in the future, these changes will only become more important. Everything seems to indicate that there is an inexorable law which explains the acceleration of the speed of change and which affects many facets of modern life, just as seems to be occurring with the acceleration of the rate of expansion of the universe. All the major social and technological changes support this acceleration of change: we have an ever larger and more homogeneous market, with greater ease of transmission of knowledge, financial flows and goods, with greater mobility of citizens and with a hegemonic culture that values the consumption of goods as the sign of personal success. In this context, we are going to try to clarify the most important variables of the commercial food distribution sector, we will try to understand them and, by way of them, we will try to deduce what the immediate challenges are before us.

In this chapter we shall reflect on the *store*, which has been the place, the essential setting for commercial action for an entire era. It has been so since the tent replaced nomadic trade, which went from fair to fair or was concentrated on market days, until it became fixed in the towns and cities and then became the center of attraction for the social life of these towns and cities and created a petty bourgeoisie that accelerated economic and social progress. Much more recently, associated stores or chain stores have begun to replace individual stores. Consumer cooperatives were also born to defend basic rights of access to quality food products. Store management became more efficient and the new supermarket and hypermarket formulas, now in their half-century of existence, have been able to offer ever more extensive varieties of products with ever lower margins and costs. And now new distribution formulas are emerging that dispense with the store, while social life, which used to take place largely on shopping streets, today shares many other scenarios. That's why we wonder if there will be physical grocery stores in the future. And our answer is yes, but they won't be the ones that have existed up till now.

Let us pause to reflect on *proximity*, a term that refers to a range of qualities, all of which are relevant to the sector. Proximity refers first and foremost to a growing trend whereby consumers seek immediate satisfaction of their needs, close to where they live or where they are. Physical proximity has long been the consumer's first criterion for choosing a store. But now proximity to the moment when the consumer feels a need for some product has become progressively important, increasing the degree of spontaneity or lack of planning in

behavior, which we also call “convenience”. The significance of proximity, however, now needs to be reconsidered in light of the emerging age of the Internet. The concept perhaps must be changed to that of immediacy and amplitude, with “whatever I want-I have it”, which is another reading of proximity, more hedonistic and with a greater capacity for choice and probably less efficient and, therefore, more costly.

We will look at *brands*, which in several ways offer an important focus of attention, both the brands of distributors and those of their products, as well as the brands of manufacturers. Despite the ideas advocated by the opponents of brands, the fans of “no logo” products, the truth is brands are in very good health. For clients, brands are “concentrators of meaning”. Their management is becoming increasingly sophisticated as the media becomes fragmented and diluted in social networks and the knowledge of customers is first segmented and later individualized. A characteristic of the evolution of brands is that in many cases they become detached from the specific products or services they provide and their qualities and wish to act directly on the emotions of the client. Products and services are likely to have shorter and shorter lives and more limited series, but brands will be durable and will be what transfer value from one product to another. But brands also face continuous scrutiny from customers, who have an enormous and unprecedented capacity for action. The new variables of brand management integrate powerful elements of sincerity, empathy, transparency, coherence and authenticity. It will become increasingly difficult to construct idyllic, false identities or do so in a lasting way.

While it is true that stores and commerce have changed a lot in recent years, the changes we have seen and will see in the link of production of goods and services has been equally significant. Food production has become more sophisticated, ranging from the negligible transformation of agricultural and fishery products to the highly processed products that have given rise to large multinational corporations that have contributed to the international food trade and to the homogenization of food habits. However, alongside these large multinationals, there is an enormous network of small and medium-sized companies that develop products linked to cultures of local production and consumption. And if for years the concern was to supply flavorful, energy-rich foods at low cost, now the dominant trend is towards making products more compatible with a healthy and sustainable diet and, possibly, the development of increasingly personalized products, and not just by printing the customer’s name on the packaging. Safety, sustainability, the sense of healthiness, price, cost, convenience, are just some of the vital ingredients of product strategies while, at the same time, size, alliances with other producers, with distributors, innovation, direct communication with consumers of products, construction of one’s own brands or those of customers ... are some of the ingredients of business strategies. And, at the base of it all, primary production, always subject to tremendous tensions to which demography and climate change will increasingly contribute.

But if this link is not kept strong, in good health, it is not possible to build a healthy and sustainable structure for the whole food chain.

This is the so-called “food value chain” that unites the links of production, distribution and the consumer, joined together by logistical links. The efficiency of this chain has increased significantly and has made possible an important improvement in the management of food quality processes while at the same time keeping their costs low. These logistical processes are also now subject to the last mile revolution and multiple changes such as replacing the buyer, adding information services and comparisons of quality and price. This all has wider implications, for example, even regarding how cities are designed, given that they must now respond to these changes. In any case, the interconnection of the different agents in play is essential, and the generation of information and communication standards has been key in recent years for the efficiency of the system, and will continue to be so in the coming years.

The interrelation between the vertical links has always been close, but increasingly this interrelation will involve more varied agents, not only vertically, but also horizontally, which were previously absent. More examples include alliances between competitors to defray costs, or those involving new technological companies that can develop novel facets, products or services with greater agility than internal departments, even though they form part of the company’s main activity and would not have been open to this type of collaboration before... The types of interrelation are diverse, strategic alliances, understood to be those that look to the long term, in which there are common key points and diverse reinforcements, even with crossed participations, will continue to be scarce and delicate. But alongside these, the most opportunistic alliances will flourish and have a greater degree of volatility, fellow travelers will abound for a while, as long as the common interest is maintained.

In this accelerated dynamic of change, the protagonist, the agent provocateur, is technology; and from it, the applied innovation modifies the conception and structure of business, provides new and suggestive offers to consumers who arrive expectant and eager to the spectacle in which billions of people from all over the world are already participating, having joined in a single decade. Technological innovation lifts new companies out of nowhere and places them at the top of markets. Who knows how many of them will still be there in another decade. Technology and innovation for distribution also offer novel components, notably the possibility of getting to know the customer better in order to be able to provide better solutions. This, however, brings with it new needs for ethical reflection on the limits in the use of this information for which there are still no sufficiently established, thought out and reasoned structures.

These are some of the key issues in the world of food distribution. I hope this chapter will provide an interesting perspective, one that clearly identifies the relevant concepts so that the reader can add his or her own reflections and, perhaps, conclusions.

2.1

One Store, All Stores

Rose Carabel

General Manager of the Commercial Network

María del Mar Escrig

Director of Online Business

Amable Galache

Director of Innovation (2015-2018)

*The success of a whole life, of a full life,
is success in human relationships.*

Tzvetan Todorov. Philosopher

1969 is far away. Indeed, fifty years away. But this kindergarten arithmetic conceals the reality of an accelerated movement and there can be no doubt about the enormous change in depth of values, demographics, technical capacities and lifestyles that we have witnessed. In political terms, at that time the establishment of democracy was still a long way off. In economic terms, the panorama, in pesetas, of course, reflected a country that was awakening to economic growth and that saw in the distance a European Union that it would not join until seventeen years later. In demographic terms, the Spanish population was an almost perfect pyramid in which the over sixty-five year olds amounted to 9.7% (half as many as now). The digital revolution neither existed nor was expected, and the world was analog to all intents and purposes and in Spain remained so for the general public until the 1990s. The family model was the traditional one, it was a less urban society with a more dispersed population (municipalities with more than 10,000 inhabitants made up 66% of the population, as opposed to the current 80%), an incipient and progressive incorporation of women into the workforce was occurring, led by the youngest women. The portion of the family budget dedicated to food was more than 40% (it's now around 16%), it was the woman (the housewife) who decided almost exclusively the daily domestic expenditure, the presence of children in homes was significantly higher than today, supermarkets were a minority (115 were recorded in 1970) compared to the current legion, the profile of consumption by product categories was completely different from what it is today, hypermarkets were about to appear in Spain, etcetera, etcetera.

1969 is far away. More than fifty years away. We state it this way to illustrate that we have not lived a simple linear passing of the years, but an authentic change of paradigm in all orders of life. For us, to put it briefly, it is the change that spans from shopping at the small supermarket next to one's house, where the same person was the fruit seller, the butcher and the cashier and knew the names of all the customers — and took pains to treat each one differently —, to the online supermarket, the store pickup (click and collect), the self-check out terminals, the loyalty clubs and Big Data flooding our personal and professional lives.

It is a change that has occurred at an increasingly faster pace, that is underway, and that can be expected to continue, at the very least, with the same acceleration.

And in this scenario, is it possible to consider retailers, stores, as also the scene of an equally accelerated paradigm shift? The retailer's job presupposes attending and understanding his environment, staying in tune with the times and the needs of this changing consumer who is, in short, his *raison d'être*. Non-adaptation means no future.

But what will the retailer's job be like? What will the store be like? What will characterize the consumer? Income, demographics, interest in health will influence all this, but if there is one thing that has radically changed our lifestyle it is the digital revolution. It has changed

how we relate to one another, how we inform ourselves, work, make an opinion, enjoy leisure time. It has changed our image of the world... and, of course, how we shop.

So, will all things digital be the main setting of this film? And where will the physical stores be? And what is expected of virtual stores?

OUR CUSTOMERS ACCORDING TO GENERATIONS

No client will understand the physical and online worlds as separate universes and everyone will demand an integrated reality, with synchronous and immediate attention. In addition, customers of the baby boom generation (born between 1945 and 1964) will primarily use the Internet to close the gap between them and their loved ones. They are a generation that spends more per transaction, but has a hard time buying online, with the highest abandonment rates. They will be receptive to very simple online solutions adapted to their needs. Generation X customers (born between 1965 and 1979) will continue to be active online buyers, but will prefer traditional means of communicating with businesses, preferring interaction with people rather than with machines. Millennials (born between 1980 and 2000) will be active online customers demanding personalized services and meaningful consumer experiences. And generations Z (born between 2001 and 2011) and Alpha (since 2012) will be open, respectful of diversity and committed, but with limited attention span, no time for unsatisfactory online experiences, with maximum expectations and demands. Their forms of communication will be different, eminently visual and by means of voice rather than text, as they have interacted with mobiles and have been exposed to virtual assistants since childhood. Conversational commerce will be natural to them. For everyone, the mobile phone will be their magic wand and they will come to us whether we are prepared or not and through any channel.

The opposition of concepts (this vs. the other) does not seem to be the appropriate answer if we take into account what the current consumer's behavior tells us. It's not about choosing the physical store or the virtual store. Nor what is local or what is global, or the price or the value. It's always "and." The consumer chooses at each moment and circumstance what best satisfies his or her need, in a continuous, natural way, dissipating the apparently contradictory. The consumer knows how to choose — how to resolve the contradiction — and does not need help to do so.

The physical store will be an essential element... for some solutions. This is because it has at least three huge virtues. The first is its ability to provide quick solutions (here, next to home); it is a powerful *satisfier* (the proximity factor is a winner in this case). Immediacy is a fundamental element for choice. It is, and will be more so. Stores that are not capable of this immediacy (slowness in supply or in responding) will be more attackable or surpassed by virtual stores with more tuned systems. What we want, we want now.

The physical store's second great virtue is its potential for experimentation. There is a lot of ground to work on here, but physical immersion is another of its great attractions. It could be argued that



Supermarket delicatessen section in the 1970s.

this immersion will be rapidly improved in virtual scenarios, which will undoubtedly be true, but this sensory immersion will be “original” and not “substitutable” and difficult to replace. This will be so for those categories capable of arousing emotion, sensations, which are involving. And it will be less true for banal, boring purchases, so any retailer will be very careful to turn these into an experience (above and beyond the logical potential of fresh produce), or if this is not the case, to ensure purchasing them is as efficient as possible.

And the third virtue of a physical store is the personal relationship, the contact, the advice, the treatment in all its dimensions. Of course, a fully automated and robotic store will be possible, nor is it so far off in the future. In fact, the store of the future will be full of technology everywhere for the customer’s information, to provide more efficient support, and also to help and make the purchase easier and more satisfactory (starting by reducing the customer’s exposure to the nuisance of the purchase and also adding more entertaining or informative elements). The question is whether this will result in a diminished personal relationship (a relationship only with a machine) or, on the contrary, will enable a greater dedication to the relationship with the customer.

There will be business models for everything, but it would be inept not to exploit precisely one strong point that the physical store can provide. In a time of “everything can be robotized”

there will be a growing appreciation for the human, just as in a time of globalization, the local is increasingly valued in coexistence. The people in the store will be a critical competitive factor.

The physical store will also be virtual. It will help dilute the border between the physical and the virtual because it knows that this is what the potential consumer will do. It is unthinkable for an important physical retailer to be without an adequate response in the digital

ALSO FIRST IN SELLING ONLINE

We were pioneers in the online sale of food back in 2000 and, as such, we had to deal with the improvements in the technologies involved in the process, but in doing so we acquired a knowledge of the customer and the shopping process that has led us to now become one of the main players in the market. Technology has matured and the more than 6 hours it took us to load the range of products in the virtual store at the beginning is now an anecdote, but the essence remains the same. Although the technical resolution of incidents was costly, our customer service was excellent and so personalized that our teams received thank-you gifts at Christmas. Our delivery people also knew their customers by name and it was customary for them to receive tips for their service. We were the first to offer online customers the possibility of saving by making available our special offers being offered in the physical store, because we understood their importance by the type of purchases being made on the Internet. Through basic listening, with interviewers who went with the deliverers and took advantage of the moment of delivery to learn the needs of our customers, we ensured their satisfaction. And we even took our first steps in communication in digital media, although the main campaigns were still with traditional mass media. We have learned a lot, unquestionably, and we have proven that in online food business success lies in the same factors as in the physical: low costs and customer satisfaction with the service.

environment that enables it to extend the experience of its brand, and that lets it connect with the potential customer at any time, in any place, and with any media. The experience of its physical stores will be an asset it must not waste and with that guarantee it will have something to say in the digital environment. It will not be enough to be simply a good physical store, because that would be like leaving the needs of a potential customer half-met.

We could have constructed this story by starting with the virtual store to get to the same place. The virtual store will be an essential element... for some solutions. Having made the argument in this sense, we would arrive at the conclusion that it will rely on its strengths, of course, and that it will also help dilute the border with the physical store for the same reasons. The advantage of the infinite catalog it can bring into play is clear, as is the ability to process data to fine-tune the response to the customer, the efficiency of operations, or the permanent availability that makes it easy to make the purchase at any time. But this means satisfying only one portion of the customer's needs, so the virtual store will also progress in occupying space in ways typical of physical stores, improving the shopping experience, response times,



Fruit section of the Eroski Center Artica supermarket in 2018.

customer relations... And it will come as no surprise for virtual retailers to somehow land in the world of physical stores, in fact such moves are already being made.

Therefore, fully automated store models and fully personalized store models (at least on the front) will coexist, and this choice will be a substantial part of what they have to offer, although most will probably be in the skillful conjugation of both solutions. We will witness the proliferation of technological elements capable of providing satisfactory solutions to current problems, such as queues, shifts, product characteristics, shipping, recipe preparation, payment without cashiers, persona culinary tastes or the profile of purchases adapted to one's specificities as an individual, in coexistence with the treatment, with the valued advice of the expert, with the friendly face, with trust in the physically present person. The personal relationship will be an asset and destined to build value in those aspects that the distributor considers important, combining without major problems with the relationship with the machine (presumably more intelligent than the present one) to solve many other questions.

There will be physical stores and virtual stores. But the current distinction will be of little use, because it describes only the origin of each operator, but not their future. The store will be a single integrated reality on line-off line and customers will contact us wherever they want. There will be categories of pure supply, in which the client will look for more mechanical purchase options and the Internet will be a good option, and other categories of experience, in which

they will want to enjoy the purchase process in person. There will possibly be dark stores (supermarkets that operate exclusively for online sales) for freight products and stores for higher engagement products or a combination of both. And intense proximity will still make sense. We

EVOLVE, EVOLVE

In each strategic plan we strive to be the preferred place to shop, to offer the best fresh produce and for our network of stores to be up to date and adapted to our surroundings. And in this strategic plan, which for us is the plan where we want to be different and the ones most committed to health, we strive to ensure that our stores offer a good quality-price ratio, a different assortment of goods that reflects our positioning, attractive and outstanding fresh produce, careful attention and a different customer relationship. We want our stores to form a network with formats that are up to date, appropriate to the environment and the customer, always seeking maximum efficiency. We work tirelessly to find the best store formats that respond to the needs of an increasingly educated, informed and digital consumer. The challenge is not simple, because we have to make ourselves compatible with that return to fundamentals that means direct contact with the consumer and all the changes of the last fifty years, summed up in the emergence of new technologies and, therefore, new shopping channels. We have to know how to transfer our difference, our closeness and treatment – the business, the stores, the teams, the customer – to the online world.

will have one store per customer, adapted to their interests and with their favorite purchasing process. The client will communicate with us through voice assistants, but through them we will provide differential services. We will optimize the last mile and promote sustainable options, with more service alternatives that will also be much more accurate. We will make life so easy for our customers that they will end up wondering how they could live without our service. The really important thing will be what brand you are linked to, who you believe in, who satisfies you.

So in the future, a store, whether physical or virtual, will not be just one, but many. As many as there are consumers, because it will be a store that will cater to the lifestyle needs of each person, individually. The rupture of the strictly physical perimeter will make it possible, beyond what is represented in the store, to attend with different proposals to different clients. And to a degree unimaginable today. To this end, there will be extended virtual catalogues that will take the total proposal of the brand far beyond what a particular store can represent at any given moment. And what we are saying about the product can also be said about the price: prices adjusted to your consumption, special offers adjusted to your characteristics, information adjusted to your concerns.

Many changes await us, but some things will not change. On the one hand, the price-value equation will be as valid as ever. The magic formula of “what do you give me in exchange for how much” will be fully in effect and there will be, expressed in current terms, more discount proposals and more specialist proposals, although, as we said, this will be made

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up of different elements from the current ones. It would be foolish to believe that the price factor will not be a deciding element. The question is on what elements the value will be built. On the other hand, the brand will be the repository of an organization's values, not only commercially, but also ethically, and it will be the brands, as always, that determine the competitive game. To be present in the client's memory, to be present when the client makes choices, to fill a gap in his or her life, will be what matters, as is the case today.

Our focus on the customer, as well as our ability to adapt and optimize the possibilities offered by technology, places us in the best possible position.

The future that awaits us is exciting, full of changes and at the same time will return us to our origins in some aspects (local products, disappearance of plastics, personally assisted sales, sales in bulk, individualized treatment...). The one who best knows how to respond to this duality will be the one who triumphs in the market.

We have to ride the wave, observe, be attentive and evolve, evolve...

AND THE TECHNOLOGY TO COME

On the Internet, standards will be tougher than ever, you won't exist for more than 3 seconds and there will be little room for error, with abandonment rates higher than ever. Digital analytics and data will be key to personalizing the shopping experience and we will create a store tailored to each customer, with their preferred shopping process, personalized searches and prioritization of content based on their interests.

We will continue to renounce being intrusive and our impacts will be of quality. A great deal of attention will be focused on user's Apps, and people will not be willing to download them, learn how to use them and use hundreds of them. The assistants will be the new applications and human language will be the new user interface. We will find formulas for collaboration with technology companies that will lead the development of voice assistants, which will also be numerous. Artificial Intelligence and natural language processing will radically improve the functioning of assistants, which will be very different from those we are familiar with today.

They will allow us to serve huge volumes, uninterruptedly 24x7, at the user's request, assisting him or her throughout the purchase process in a personalized and effective way. The client will communicate with us through the assistant, but we will have our own "voice", giving personalized and differential services and answers; there will be no one like us, fresh produce professionals, to recommend the highest quality and freshest product to clients who want an advised option or to whom we cannot satisfy their initial choice due to lack of availability. We'll use customer information to optimize the last mile and translate it into services available to them, with longer hours and radical reduction in waiting times. We will give exact delivery times, as we will calculate the delivery time by type of customer and the customer will know where we are at all times. We will inform them of the impact on the carbon footprint of the routes, so that they can choose the most sustainable one, and we will reward them for it. In addition, driving will be autonomous and our delivery staff will bring value to our customers, allowing them to make returns at the moment of delivery. And the treatment will be excellent, even more so than now, because the customer will be able to evaluate each service.

Super-cities. The Intelligence of the Territory

Dr. Alfonso Vegara

Architect, economist and sociologist.
President of Metropoli Ecosystems

We live in a world of cities, our planet is increasingly urban. Cities are the new engines of the global economy and, at the same time, they can be the main actors in the face of the challenges of climate change and the fight against inequality and poverty. The level of interdependence between cities is growing and we enjoy increasing physical and digital connectivity. The size of cities is also changing, to the extent that traditional administrative boundaries are becoming increasingly irrelevant as we seek answers to the larger goals of development, balance and environmental sustainability. If in the past we lived through stages in which the world was organized in empires and later in nation-states, in the future we will live increasingly in a world of cities, in a world of “super-cities”.

The concept of “super-intelligence”, conceived as the combination of human intelligence and artificial intelligence, inspires our proposal for super-cities. We interpret human intelligence applied to cities as the values of leadership, vision, creativity,

sensitivity, commitment, ethics and the ability to design a collective project for the future of the city. Artificial intelligence makes it possible to use the advances of the technological revolution at the service of the quality of life and efficient functioning of the cities of the future.

The habitat of the human being has historically been conditioned by certain critical innovations that have changed ways of inhabiting, ways of producing, social relations, political organization, territory and cities. The invention of agriculture allowed people to move from nomadic to sedentary lifestyles, and the first rural settlements and commercially oriented cities emerged. The invention of the steam engine is at the origin of the industrial revolution, which during the last two centuries has led to the progressive abandonment of the rural world, to the strong growth of the cities, to the appearance of capital and labor as differentiated factors of production and to the birth of new social classes such as the bourgeoisie and the proletariat. Social

differences were expressed very strongly in the contrast between the countryside and the city and, within the industrial city, in the segregation between the sophisticated bourgeois neighborhoods and the working-class neighborhoods that were underfunded and with minimal conditions of habitability. Today we are experiencing a digital revolution that is once again decisively changing human settlements and our way of life.

At the beginning of the twenty-first century, we are experiencing one of the most profound and accelerated transformations in human history. Technological innovation, the development of telecommunications and the Internet are leading to the emergence of a new international economic order that is reinforced by the progressive dissolution of trade barriers, the formation of large economic blocs and the expansion of markets.

We are experiencing an unprecedented “digital revolution” in the confluence of four megatrends: cloud computing, mobile devices, social networks and Artificial Intelligence applied to Big Data. Never before have we enjoyed greater computing capacity, easier access to information and better options for physical and digital communication, and this is changing the way people live, work, have fun, learn and relate. Specifically, the commercial function is changing with the growth of e-commerce,

the strengthening of logistics, especially the last mile, and the need to reinvent commercial spaces. The current efforts Singapore is making to reinvent Orchard Road, one of the world’s most symbolic commercial hubs, are good proof of this. Politics, the economy, society and, of course, cities, which today enjoy opportunities that did not exist until now, are also changing.

Globalization has facilitated important advances, but a “great divide” has also emerged between countries, cities, businesses and people who integrate and those who do not integrate into this new economic order. Today the differences between rich and poor countries remain abysmal, and cities, especially large cities in developing countries, are experiencing with particular virulence the contradictory effects of globalization.

The urban landscape of globalization is not only the landscape of glittering skyscrapers, sophisticated shopping streets, luxury residential neighborhoods, private clubs and state-of-the-art airports; it is also the landscape of poverty. We see a landscape of growing social segregation, the worrying emergence of violence and insecurity, new barriers in urban space, private security systems in luxury urbanizations, in representative buildings and in shopping centers. Today, cities face greater challenges and it is necessary to seek new forms of social cohesion, protection of our ecosystems

and responsible responses to the challenges of climate change.

The global economy continues to grow and is generating a lot of wealth; the key is whether we are able to make these advances benefit everyone and not just a minority. The economic system of the market creates a framework to encourage private initiative and the development of economic activities, conducive to the generation of wealth, however, the market itself is not capable of overcoming the “fracture of globalization. Creating a habitat that contributes to overcoming this fracture is a challenge to which effective responses can be given at the scale of the city, at the scale of the local and at the level of the daily life of the population.

Cities have a growing importance in our society and develop in a very complex context, with obvious challenges, but with a list of opportunities that did not exist previously.

Our cities, almost always with limited economic resources, short periods of government and reduced political power, must face formidable challenges. That is why we have called this generation of unique places super-cities, which, through leadership, creativity and a shared vision, are generating a special magnetism and are developing initiatives and projects of great impact.

These super-cities are demonstrating their capacity to discover the “intelligence

of the territory”. They are the nodes of innovation and creativity of our planet. From a small rural village, through medium-sized cities and metropolitan areas of different sizes, to the most complex urban mega-region we can imagine, each city and each territory can design an intelligent project for the future and develop actions to be relevant in this new global scenario of competition and cooperation, challenges of sustainability and commitments to social integration and overcoming poverty. A new generation of super-cities or intelligent cities can provide solutions to the great challenges facing humanity.

Super-cities adapt to operate in an environment of a larger dimension than traditional municipal and metropolitan areas and in a more open context of physical and digital interrelationships. They develop on a new territorial and functional scale that stimulates synergies and strategic complementarities. Super-cities are able to articulate an “intelligent dialogue” with their surrounding city systems and environmental ecosystems as a frame of reference in which to discover their key opportunities and future vocation.

Regardless of their size or current level of development, super-cities are territories that seek excellence and assume the commitment to contribute from their sphere of action to transform the world and be a

reference for other cities. To this end, they are able to discover their own identity and its components of excellence as a basis for defining their urban profile, activate their cooperation networks and develop their own city project.

Super-cities are becoming the nodes of social and economic activation, in places with a special magnetism for attracting talent and innovative initiatives. They are the “magical” places where the intelligence of the territory is expressed in all its fullness. They are the spaces of social and cultural creativity par excellence. Science, art and technological innovation emerge in them more easily, as do social change and advances in people’s quality of life.

In designing the cities of the future we must consider three key aspects:

- The first is the *fight against climate change*. This involves the ecological dimension of urbanism, a sensitive dialogue with the natural environment and the responsible use of natural resources. Many cities have activated programs for energy efficiency, the use of renewable energies and sustainable urban mobility, and thus seek a progressive reduction of polluting emissions. The fight against climate change is transforming the urban agenda in many innovative cities and has allowed urban sustainability to
- evolve towards a better understanding of urban metabolism, incorporate resilience goals and integrate the “health” of the urban system and its inhabitants.
- The second is the need for *a profound and progressive improvement of the government of the territory*. Governance takes on a strategic dimension in today’s cities. Innovative models of city government are being produced, along with new instruments of planning and management. Reducing inequality, one of the challenges facing our society, does not depend solely on macroeconomic factors. Local government systems can facilitate the advancement of democracy and social reform in a permanent effort to reconcile the actions of private initiative and the common good. It is what various authors have called ethical capitalism or moral capitalism, and which, from our point of view, can find surprising answers in employment in cities.
- The third is the digital society, not only under smart city initiatives, or the use of digital technology to substantially improve the efficiency of urban services, but as an *integral development of the knowledge society*. There is extraordinary potential in education, science and digital technology to stimulate local talent and for the creation of innovation ecosystems in cities.

In recent years much has been written and debated about competition between cities. Indeed, it has often been pointed out that it is not states that are the really operational and relevant economic units in the new economy, but cities and their regional environments.

The key question for city government is whether mayors and municipal or regional government teams can do something to improve the competitive capacity of businesses in their municipality or region, or whether these territories are actually perceived as competitive because so are the businesses that have established themselves there.

Our research at Metropoli Foundation shows that cities and regions can develop “certain” competitive advantages for “certain” activities. Cities and territories can contribute to this with a simplification of bureaucracy, agile and efficient management of the public sector, educational equipment appropriate to the profile of companies, good infrastructure and digital applications, well-connected airports, advanced logistics services, financial services, efficient mobility, land available at a reasonable price, quality of public spaces, etc., but especially a city can bring competitive advantages if it stimulates the development of a local *economic cluster* or a specific composition of activities and services appropriate for the birth and installation of

companies and professionals of a “certain profile”. Cities need to foster unique and intelligent local profiles.

In short, urban policy is an essential factor for the creation of economic prosperity and sustainable quality of life in cities. One of the main and most difficult missions of local governments is to guide the city model in an intelligent direction, inspired by the idiosyncrasy of the place, in its components of excellence and with an important participation of the different actors. Local governments, which sometimes remain in power for only a short period, must identify the critical projects that the city wants to develop and devote the energy, enthusiasm and leadership needed to move in that direction.

A basic distinction exists between cities, regardless of their size, level of economic development or urban profile. There are “cities with a project” and “cities without a project”. Intelligent territories are places capable of endowing themselves with a project and of finding a balance between their economic strategy, social cohesion and development and the sensitivity and care of the environment. Intelligent territories are characterized by having an innovative “city project”, based on the vocation of the territory, with strong social support and in line with strategic choices for economic development. Sustainability is conceived from a broad perspective that includes

environmental sustainability, but also economic, social and cultural sustainability. This is a sustainability that evolves in the idea of urban resilience, of the capacity of cities to adapt to change, to face new challenges, to solve situations of crisis or peril.

Twenty-first century urbanism is not a zero-sum game. The mere management of municipal budgets has very limited effects on the potential for transformation of the city. With a city project, with leadership and the capacity for collaboration between the different actors in the city, the possibilities for the future multiply exponentially.

The most successful cities in the future will be those that achieve an intelligent balance between the different components of the urban trilogy: economic

competitiveness, social cohesion and environmental sustainability. In an economy based on knowledge, innovation and intellectual capital, competitiveness factors are not purely economic, they depend on social balance and environmental quality. In the future large, medium or small cities will be able to create value by highlighting their identity and strengthening their global connections. The habitats of globalization must be reinvented and we must be aware that the most attractive cities and territories, those capable of exerting magnetism on their surroundings and offering quality of life to their citizens will be those with an exciting and shared future project and not only those that enjoy already consolidated starting conditions.

2.2

Proximity: I Want It Now, I Have It Now

Eva Ugarte

Marketing Director

Vicente Gomez

Commercial Director (1988-2010)

Martin Gandiaga

General Manager of Caprabo

We live in “a world without surroundings”.

Daniel Innerarity

Shopkeepers are what it's all about: if we consider proximity to be a store close to your home, if we're referring to human scale, Eroski was born with a format of proximity (a small supermarket in medium-sized towns or neighborhoods) and has continued to offer a business of proximity throughout its history. The proximity store has been very important to us, both for its weight in the business and for constituting a very solid internal cultural anchorage to maintain the shopkeeper culture, which entails a close attention to the customer and a relationship approach to the surroundings inspired by good neighborliness. Even the hypermarket format, which we have best known how to do — and which is well valued by customers — is the mid-sized maxi or urban hypermarket.

As society evolved, the proximity characterized by shopping on foot and with a strong component of fresh products in one's shopping bag was combined with larger purchases made using one's car. This new form of shopping incorporated more processed products, with long expiration dates, motivated by women's access to the world of work, by changes in schedules and the decrease in available time in the day to day.

Now in the 21st century, formats are maturing, especially the large hypermarket, which needs to attract many customers from further afield. On the other hand, the distribution sector is increasingly competitive, surface areas continue to grow even though the population is continuously shrinking. And, predictably, formats are being reinvented and small, specialized shops are again looking for their niche.

And why not, why not recover what was originally important regarding shopkeepers, ie, to try to recover that closeness to the customer of yesteryear, when they were more a partner (who had to be treated very well) than an anonymous person. To this end, some distributors are strengthening traditional assisted sales sections to facilitate customer contact and improve their shopping experience; we are improving customer service protocols or guides in each section so that customers feel they are buying at "their" store. Today, the majority of businesses fail in customer service, with utmost importance being given to productivity, aiming to realize operations at the lowest possible cost. However, feeling good, feeling "human", knowing people and having a good relationship with them are still very important elements, indeed some of the key reasons, why someone chooses to shop a one establishment rather than another.

And what can we say about fresh products. While they have always been intimately linked to proximity, they are now gaining renewed strength, since the consumer is becoming increasingly aware of the importance of a healthy diet and the appropriateness of preferably consuming less processed products, in order to take care of themselves and

their loved ones. Rates of obesity have been growing in the first world, and childhood obesity in particular. Society, institutions and Eroski in particular, firmly believe in the power of fresh food for a healthier diet. This fits perfectly with the proximity commerce of the new times.

Another aspect that has changed is access to technology, which is growing exponentially both because of the digital innovation available to commerce and because of the general

Today, proximity is more important than ever. The importance of time for customers and what this means for the services and schedules offered by an establishment, coupled with an offer chosen to meet immediate needs, “now” or “today”, are what give rise to the convenience store format, which is really a format of ultra-proximity.

This, today, is a revolution in cities that will spread inexorably as society changes.

speed of the digitization of society. We have tools that allow us and will allow us to know many things about customers as we also interact with them and this will help us move forward in a closer relationship, exquisitely covering their needs.

In the “new” proximity, the undisputed vectors of success continue to be linked to the professionalism of the store, that is to say, to the specialization of the employees and to the attention and service they are able to provide to the customers, especially

in fresh products that require greater knowledge, explanation and manipulation. In short, the same *raison d'être* that was present fifty years ago. What has changed now is the presence of broader offers, with preparations according to uses, a modernized shopping experience with attention focused more on the customer than on the product, and more associated services.

In conclusion, after more than thirty years of the hegemonic establishment of large shopping centers on the outskirts of cities, today public and private actors coincide in glimpsing a more balanced future towards a model of business closer to consumers, in parallel with the development of electronic commerce. Because, in addition to the reinvention of nearby stores, the new scenario is joined by the emergence of convenience stores.

This rebirth of proximity is not so much due to a return to neighborhood social relations, to a concept of “small is beautiful”, as to the development of needs covered by the opportunity/comfort of nearby or convenient shopping, to the concept of speed, immediacy, at street level, right now (street food, On-the-go, here & now, take away, food truck). The expectation is to have easy consumption solutions anytime, anywhere for those who don't have much time. These are innovative formulas for an accelerated lifestyle. And if the proximity purchase can be qualified as “today's” purchase, the convenience is the “now” purchase.



Supermarket delicatessen section in the 1980s.

In this concept of convenience, a new section that will stand out in the future will be that of prepared food. In past decades, butchers and fishmongers were the mainstays, but in the future, the focus will be on ready-to-eat products. And this includes prepared dishes and quasi-finished products of all types, prices, tastes and varieties.

Obviously, the demand for availability will also have a decisive influence on the extension of the opening hours of traditional establishments or on the proliferation of establishments that already have long opening hours and that will integrate the offer of food as part of their service (hotels, petrol stations, etc.).

Customers, and therefore markets, will still exist for the attraction establishments, for the large peripheral shopping centers, but they will have to overcome new barriers driven by an accelerated lifestyle and the effects of the principle of "I want it now, I have it now" becoming part of the consumer's thinking.



Delicatessen section of the Eroski Eibar hypermarket in 2000.

Online channels are opening up, another great tendency to reinforce proximity (when this is synonymous with immediacy) that manifests in the changes in consumer behavior due to the massive use of new technologies.

Today information spreads at great speed. The world is immediate and knowledge reaches the consumer/user very fast and by many means. The immediacy of things means the company, the world, must go faster. But immediacy makes us intolerant of waiting. That's why digital life forces companies to compete for opportunities. And the winning organizations will be those that are quicker to generate quality content. Digital transformation means that a company's richness lies in the quality of its predictive models to compete for opportunities: to get the right proposal right, at the right time, in the right way and at the best cost. And this is a radically different concept of proximity.

We have developed a strategy of *multi-channels*, combining home delivery with various options for picking up the order at the store, which allows us to compete adequately in the

online channel. In this form of food purchase we are one of the best distributors; right now we are the best online food store. One of our characteristics is the high presence of fresh products for the online shopping basket. This is a good indicator of high consumer confidence in our brand and service.

Judged from the perspective of fifty years ago, we could describe the consumer of today's era as impatient, accelerated and fickle. We would say that he tolerates badly the frustration of not finding, right now, what he is looking for, or if getting it involves too much effort. In the digital age, reducing customer effort can multiply benefits in a market that rewards accessibility, because time is the scarcest good.

Likewise in terms of proximity, the environment surrounding the establishment (the town, the neighborhood, the district) must be taken into account. Our vocation to return part of our profits to society and to move towards a more sustainable model are values that we put into practice, supporting the initiatives that are created in the surroundings closest to each of our stores.

Thus, proximity will continue to be an important axis for the customer, in terms of proximity to the seller, convenience, local products and fresh produce in general. But in an increasingly inter-related market with more options, it is

THE STORE OF THE FUTURE

The reality of the future store will be conditioned, as always, by changes in consumer behavior. Already today, customers increasingly want to devote less and less of their time to a routine purchase, and technology, the digital world, facilitates this. For this reason, the store of the future will be nearby and this concept, proximity, will evolve to mix variables of the three currently existing models (proximity shopping, near to one's house, of small purchases often realized on foot; attraction shopping, purchases for more than a week, consisting of less fresh produce and usually done outside the city and requiring a car; and convenience shopping, at a store of extreme proximity, very close to home, below one's house, or next to the office or on one's way, and which responds to a lack of time and the here and now). Consumers will find everything at their nearest shop, and they will be able to buy whatever is stocked there or what they have ordered from a distance. They will have it when they want it, with the immediacy they want, conditioned only by the price they are willing to pay for it. The price will depend on the value associated with the service offered and the value given to the quality of products in each store. Store brands will change, their benefits will increase as will their ties to the values of the company. Services will become absolutely important, especially how well they are performed, and the consumer will be very critical of errors. The physical store will have an increasing value for some purchases: in a digitalized world, the value of the expert, their professionalism, will be one of the great factors why one establishment is chosen over another. The value of human proximity will grow. As will emotional proximity to issues of general interest, such as wanting to contribute to a better, more sustainable, more local world.



Fish seller's section at the Eroski Urbil hypermarket in 2017.

obvious that proximity will have to continue competing not only with shopping centers but also with the new digital world, which has only just begun to take off. We are going to have to reinvent ourselves and adapt to new scenarios, as has happened at other times during these past fifty years, in order to be able to attract an increasingly demanding consumer.

Proximity

Antonio Agustín

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Consultant. Commercial Distribution Expert

In war, as in love, one must be close to the other to finish matters.

Napoleon

Proximity (in Spanish, a feminine term) refers to, according to its original definition, that which is nearby. That is, what is within a short distance — spatial or temporal — from a point that is taken as a reference. Distance is therefore the key concept we must deal with.

From the commercial point of view (buying and selling), proximity can be interpreted from two perspectives. Firstly, there is the distance from the buyer to the point of sale (how close or far it is) and secondly, the distance between the production center and the place where the products are displayed for sale. In the first perspective we would talk about proximity shopping and in the second, about proximity products.

Strictly speaking, in the first sense we should include the world of online commerce, since the virtual store, even if it is virtual, is closest to the buyer. The tablet, the telephone or the television in the orbit of the “home” (defined as sweet, as in

“home, sweet home”) are a real revolution that allows the far away (other stores similar to those in my neighborhood) to enter through the door of optical fiber and always remain visible and very close to one’s heart.

Proximity establishments are those that are within easy reach (a few minutes from our personal operations center), well-stocked, managed or attended by people who are mentally prepared and trained to learn our name and associate it with our face, with shelves that provide us with everything we need to live, and that also allow us to enjoy choice: fruit shops, poultry shops, fish shops that are usually (or rather, frequently) visited by neighbors “whenever they need them”.

In contrast to these, their “opposites” are “destination” stores that aim to cover customers’ needs in points of sale that have been designed as “one stop” spots, with two slogans that define them: time (time is precious, don’t waste it going to a lot of stores, too often and too many times) and price. In short, “savings”.

The differences between these will become evident when we examine these

variables that define the type of visit a shopper makes.

Although it is clear that to generalize is to err, we can say that destination shopping is much more rational compared to that of proximity; it is much more emotional.

To a certain extent we could compare destination shopping with hunting and proximity shopping with the orchard and traditional agriculture. The hunter goes on a trip looking for the best game in places further afield, while the farmer is inclined to select his products from among those of the usual setting. The wanderer — destination — favors more the idea of “where I catch you, there I kill you” with a short-term horizon, while the sedentary person — proximity — opts for the long-term that the continuous relationship with the environment and other people demands of him.

What is proximity. Types

The concept of proximity allows a triple classification between the physical, temporal and sentimental. It is clear what physical means: within the close radius of usual mobility operations (that is, close to home, close to work or between them). We’ve already anticipated some concepts.

The temporal refers to the immediacy of enjoyment (what is near in distance, is

not necessarily near in time... nor is what is virtually acquired immediately accessible).

By definition, proximity shopping involves immediate enjoyment (and this includes whatever is online, if it wants to be there).

Finally, sentimental proximity becomes a similar way of approaching things (when we feel affinity or proximity with another person, for example). It has to do with the concept of “very similar to home”, of continuity with the *sweet home*. This is also closeness. Stores that are cold in their exhibition and environment, without staff or staff more efficient than friendly, which are not a direct continuity of the home, do not play at being proximity.

The distant and the nearby

Is the nearby better than the distant? Is proximity better than destination?

The world is an abstract concept compared to the neighborhood. Distance and a lot of time go against — as we have already seen — saving and taking advantage of temporal availability.

In the political sphere, to give another example, proximity emerges as a rising value. Proximity is a vector that makes it possible to articulate actions centered on the concrete concerns of people. New politicians are constantly appearing who are anointed by proximate causes such as social

housing, energy resources, the collaborative economy and who oppose others with a more traditional or global approach.

In fact, one of the most polarizing political tensions is the one created between the distant and the near: immigrants and their culture in the face of the native way of life. America first, nationalist tensions and the sometimes exaggerated pride of belonging to a neighborhood are current examples of this rampant municipalism.

The above trend is also due to an unquestionable fact: cities are growing. From the great isolated cities of Mesopotamia, 4000 or 5000 B.C., the world has moved non-stop: today half the population lives in “spaces” consisting of 300,000 people or more. Well-known studies show that this trend is accelerating and that in a few years 75% of the population of Europe and 82% of that of the United States will be concentrated in cities. At present, this fact is portrayed by the fact that 23% of the population and 55% of the world’s GDP are concentrated in just 600 urban centers.

Me and the others

One of the essential vital balances that explains human being refers to the self and the relationship with others.

The distance between the self and the world consists of several stages: the close

self (my family, my street, my friends), the outside world (the same language, similar expressions, same customs and schedules) and the foreign world, the most distant isochrones, in which remote countries or continents are confused with unknown languages and different criteria for interpreting the world.

The concept of proximity is in the realm of the self and the relationship with the nearby. Within the realm of the self is everything that communicates us directly with others: the telephone, the television or the computer.

Anthropologists speak of other classifications of distances and vital zones: the intimate (everything that exists within a meter of our intimacy), the personal (one or two meters away), the social (three meters away) and the public, which is whatever lies beyond three meters. This serves to emphasize that the above-mentioned online world is among the closest elements to the individual.

One must be careful, however, of the facts, because being close does not mean “being in”, but rather “being close to”... and “being in or very close to” as in the digital world — as mentioned above — does not imply being in the orbit of the sweet home or the heart. Whoever it is, they have to earn it.

The optimal distance

To discover love, you must have a woman near you. For this love to dissipate, you must continue to keep her too near:

Noel Clarasó

There is a concept in animal psychology that applies accurately to this point: the “flight zone”. When any human being slowly approaches an animal, there comes a time when the animal feels threatened by the fact that its escape is compromised. Its foreseeable reaction in that case will be to attack, regardless of the opponent’s strength, the balance of forces or the cost-benefit analysis. In other words, the natural reaction to a message or channel that is excessively incisive and challenging can be an intense, irrational and angry reaction of denial and incompatibility.

On certain occasions, moreover, we change our usual register of perfect-loving neighbors to another that has neither name nor neighborhood: anonymity. In this delicate, necessary and more or less frequent episode of mutation, the calm charm of daily “sweetness” is broken in search of other more roguish and less demanding experiences in which neither familiarity nor good vibes are demanded.

In the closest circle are the treasures (in proximity): the self, love (in the realm of sensitivity and which therefore cannot be

pigeonholed), the feeling of happiness and friendship. And, with them, the gestures of greatest value: tears, kisses, hugs, emotions, sadness..., very difficult to transfer to the virtual world.

The most radical problem will be elucidating where the boundary between near and far, proximity and destination, lies. Nearby, the neighborhood super, on the corner and a few meters — minutes — away, and far away, the hyper, which you need a car to reach.

The control system will consist precisely of measuring what “going” means.

If proximity is coexistence and daily, destination is the justification for leaving what is near and initiating displacement.

The mismatch of expectations with reality will inevitably lead to displeasure, which can be of two kinds: either the near is of no use because it does not complement the daily round, or else destination shopping does not complete the checklist of abundance, whims and general variety.

The “place” of the near should be assimilated into the comfortable space in which we live: a neighborhood within a city, a vital landscape, a gregarious spirit and even the pride of belonging, the best slice of cake, the best festival, the best football team ... in short, the best shops and the best products. The “place” of the near is the natural extension of self and home.

What are the benefits of proximity?

Depending on the buyer or the product, we can classify these according to their savings, contribution to income or additional benefit.

In terms of savings

- Less transport (of shoppers to the store — shorter trips — and also of suppliers — being more local —), with the consequent lower CO₂ generation. The consumer who goes to the stores moves thanks to his own animal traction and the suppliers, being closer, require less movement getting from there to here.
- Less packaging. Logical for long journeys for the products to be sold and for the buyers who, by resorting to proximity, buy less and less, even if they go more often. The result: fewer boxes, pallets, less cardboard, plastics, and so on.

In terms of income

- Promoting the local economy in terms of jobs (jobs that used to be located at the product origin are now more localized).
- Promoting the local economy in terms of suppliers and businesses: for small and medium-sized producers this is an opportunity. “What is small — and near

— is beautiful” is a more successful slogan than other, more recent ones, that exalted, as something of the greatest value, globalization (the result in turn of scalability).

- Promoting local varieties, perhaps until recently in decline or in disuse, which today compensate for the sacrifice of choice that a more universal offer entails.

Other extra benefits

- Improved control over the origin of products and traceability.
- Closer personal relationships with the community.
- Greater knowledge of what is near and of its values...

To conclude

From what we have seen in this section we can conclude that whoever is able to place a brand, a mark of prestige, to grant affinity and especially give continuity to what is close to the self and the home, will achieve a most difficult feat: For the store to become an appendix of the intimate, of the most familiar... for it to form a natural part of everyday life, of the first crown of the self.

Proximity is undoubtedly one of the key words in retail.

2.3

Suppliers: A Virtuous Interdependence

Beatriz Santos

Commercial Director

Vicente Gomez

Commercial Director (1988-2010)

Gotzon Elizburu

Director of Food Procurement (2004-2012)

Any business arrangement that is not profitable to the other person will in the end prove unprofitable for you. The bargain that yields mutual satisfaction is the only one that is apt to be repeated.

B. C. Forbes

The history of distribution in the value chain

We were born at a time when big manufacturers dominated negotiations and imposed an almost absolute power on the distributor. They acted with a big business conception of the store shelves and they determined distribution in the value chain. It was a controlled relationship in a regime quite similar to a feudal one. The minority age of Spanish commerce and the powerful economic capital and knowledge of the big manufacturers more than justified this balance of forces.

In this context, the first attempts of this cooperative, which sought to sell products cheaper to its members and give its opinion on the design of products, or their price or promotion and therefore on the distribution of margins, was rejected by manufacturing — which boycotted our efforts even to the extent of refusing to supply us. It was only possible to achieve, many years later, a certain balance and distribution of margins when we reached sufficient volumes, significant market shares and considerable brand recognition (of the brand, of each local brand and of each of the articles), and always being aware that one does not get what one deserves, but what one negotiates.

These three parameters (volume, market share and brand awareness), which are so important to our business, are what drive growth. In order to reach the first of these, a basic volume threshold, Eroski, like other distributors, has needed to reinforce it throughout its history through national and international purchasing centers.

Given the vocation, not unique, but generalized, of the agents, both traditional ones — manufacturers — and new ones — distributors — to dominate the value chain and its remuneration, the action and the balance achieved will be very different depending on the product categories we are talking about or even the type of article we consider, whether basic, performance or premium.

Leading brands will assert their dominance in the client's mind through the effort they make in investing in innovating and creating needs of exclusive satisfaction, marketing, which allows them to maintain their dominance of value and the distribution of margins, not always at the expense of the distributor. Indeed, the concentration of manufacturers and distributors existing in the current market does not lend itself to the whims of any one player: we all need each other. The international purchasing centers, in this case to balance the power of dealing with multinationals, have made it possible for us to form part of the chosen club and to avoid any dangerous discrimination.

The basic products are those that have traditionally colonized more forcefully the market of local store brands. Our participation in the decisions includes the value chain, but the margins for Eroski have been very conditioned by the different and not insignificant goals to be achieved: price, positioning, differentiation and loyalty.

Dialogue and mutual collaboration is more necessary in this case. Eroski's contribution to minimizing costs is vital in certain direct commercial and logistical processes and/or their corresponding impact on the manufacturing process. In addition to helping in the search for suitable suppliers, purchasing centers have made it possible to provide volumes of sufficient efficiency and attractiveness.

And it is regarding fresh products, coming from a more unstructured sector despite its progressive industrialization, where we have found openings for ad hoc action in the value chain and we have been vocationally more involved in designing our own processes and value chains. From the outset, there has been constant participation in shared initiatives with the Grupo Mondragón agri-food cooperatives or other companies or PGIs in our markets. Today, local fresh produce has achieved a great presence and visibility within the positioning of Eroski Contigo. The stringent quality requirements applied to our own brands of fresh produce require us to intervene in the value chain in the hope that the consumer will value them positively.

The role of the manufacturer in Eroski

The relationship between Eroski and manufacturer-suppliers, despite the protected beginnings and the periodic tensions of adaptation to the economic or qualitative demands of the market, has been marked more by collaboration than by opportunism, more by agreement than by auction, more by permanence than by temporality. These have been fifty years of joint development, a history that has adapted to the development of society itself and in which the concept of collaboration has grown to what it is today. Today it would be difficult to understand a relationship without a shared view of business, of customers, of the consumer in general, transcending commerce and with the vocation of contributing to the improvement of the society in which we live. To the extent that confidence has been won in collaborative models, due to the results obtained, progress has been made in this type of relationship. The evolution has been very noticeable, with greater openness to sharing a vision, strategy and training of the commercial proposal we make to consumers. And the 50th anniversary in itself means the ratification of the most precious asset in any business relationship for all the agents who have accompanied us, with all its risks, in our shared business: continuity over time and the maintenance of commercial, economic and financial commitments.

Our suppliers are active agents in the configuration of our business proposal, specifically ours, which is different from that of other distributors. And they contribute throughout the entire value chain process to winning consumer satisfaction. They are therefore necessary



Meeting with suppliers of Navarra in 2013.

and clearly strategic partners. Without their contribution in the various areas of management, we would not be able to do what we want.

The relationship with manufacturers is based on mutual need, on a sufficiently balanced management of that need, and consequently, on building trust, where people are the protagonists. That satisfactory balance depends on the role of each provider and, as a result, each relationship will be different. There will be suppliers who dominate the category and the relationship with them will be to make the category grow, for profitability to come from collaboration for business development, where innovation causes the category to grow and not just the supplier. Others, less leaders, who compete with them will have to add to that positive chain providing a higher profitability per unit and an adequate rotation. Other small suppliers will be able, despite their size, to provide differential products or solutions above the competition, and through the contribution of that differentiation will be very important to our positioning.

Relations with suppliers are mainly based on positions of power. Power relation is equal to dependency relation; and its influence is determinant in the attribution and distribution of

added value. Information is a critical factor in the management of power, whoever has it has the advantage. If power resides with the supplier, and they are a dynamizer of a category, it will be necessary to negotiate sufficient activity and margin with them. If power resides with the distributor, it is up to them to maintain the interest of the collaboration, ensuring the long-term sustainability of the relationship and supporting the evolution of the manufacturer towards foreseen future scenarios. You don't ask for power, you take it.

WHAT WE LEARN FROM MANUFACTURERS

The different realities and sensitivities of our suppliers have enriched us and shaped who we are, what we jointly offer to consumers. Thus, the knowledge of the client large multinationals have always had, the co-creation with them for the development of innovation, their mastery of the value chain, for example, have always been a spur. And their view of global trends has also provided a permanent opportunity to learn, both in terms of sales and management.

In terms of efficiency, the necessary obsession of own-brand suppliers to adjust the value-price equation has helped us to identify what is really valuable to our customers and to eliminate all that is superfluous. This management mechanism is of great value not only for product development, but also for its implementation in the logistics chain, from the supplier to the management of shelf re-stocking, and has resulted in the development of a key element: display boxes.

The richness of the national agro-food business fabric has allowed us to promote plans for joint business promotion with a long-term view and with a special sensitivity towards small local producers. Our belief in the necessary development of local economies has led us to find fellow travelers who have helped us make improvements in this area.

That said, we're talking about collaboration. Even what is staged as a confrontation must make possible a minimum agreement on the distribution of added value. A breakdown of relations is a failure for the parties. The basic rules of collaboration are transparency, sharing information with loyalty; coincidence and alignment of strategies, with simple, clear, ambitious but attainable objectives; allocating sufficient and sustainable resources and forces over time, and doing so with transversal teams from both companies, which have assumed the project as their own... And of course the involvement of the highest management levels: the endorsement of senior management has a great influence on the agreements, on their stability, on their good quality and on their success. Because decisions can be strategic and taken with a medium/long term vision, with enough range to avoid later divergences and, consequently, they will generate better products and lower costs in a stable way.

Our principles — social responsibility, consumer value — have always favored commitments to food health, the

link to the immediate surroundings and cutting-edge support for progressive policies of respect for nature. The achievement of these objectives at Eroski was only possible with the development of policies and tools shared with the manufacturer. Such as, to name a few, our own pioneering laboratory, the subsequent homologation of manufacturing processes and suppliers, the undertaking of collaboration initiatives with companies and agri-food associations or the launching of information and communication campaigns supported by arduous struggles (whether against hormones in animal feed, preservatives or CFCs, of course with those suppliers willing to do so).

We have developed a relationship and collaboration strategy adapted to the contributions that each type of manufacturer can make, both from the point of view of consumers and from the various contributions to the commercial development of our stores. Thus, we can conceptually classify manufacturers into large groups with well-differentiated scope, objectives and development policies. This classification offers four types of relationships with manufacturers.

On the one hand, our relationship with SMEs and with a focus on local micro-companies. With a clear purpose: to contribute to the promotion of a nearby, strong and sustainable industrial fabric. In the development of public commitments that Eroski launched in 2012, three areas of management have been focused on, which include offering more local products in our stores and working hand in hand with local producers, listening to their needs, creating meeting points where they can share their needs and, in short, favoring their business growth.

On the other hand, collaboration with large multinational suppliers, with a focus on category development, consumer understanding and the development of joint business plans. This group of suppliers are pioneers in developing innovation, in knowledge of the consumer, in new techniques for the development of the category, and so on. We work hand in hand to improve the commercial proposals and advance to better meet the needs of our consumers. This format allows us to achieve advances in management over the whole value chain and

SOME PRAISE WE HAVE RECEIVED...

...For the development of commitments to SMEs and long-term cooperation models with suppliers.

Eroski is considered by its own suppliers in recent studies to be a distributor that stands out above others in the shared management of information for the development of commercial proposals and business plans that achieve the objectives pursued.

In terms of health, we have always been recognized as benchmarks in the sector. We have developed, with our suppliers, advances in this field, with nutritional improvements and product components, as well as their embodiment on food containers by means of the nutritional traffic light.

to obtain the necessary lessons to apply them to the rest of the suppliers. Efficiency is a clear axis in management.

In a third group we can classify the suppliers of fresh products. We establish long-term partnerships with some of them. In a store such as Eroski's, where the supply of fresh products is essential to win customer appreciation, alliances with agri-food producers facilitate a good response and ensure a sustainable commercial policy. It is a relationship model that has been well-tested by Eroski since its birth. A standard of collaboration based on transparency, a shared vision of the future, shared objectives — including social and environmental ones —, the permanent search for differentiation and efficiency.

And a fourth type of supplier is made up of the manufacturers of our own brands, with whom we achieve genuine solutions adapted to consumer trends. These are strategic suppliers, because we delegate an important part of the uniqueness of our offer to them. Our own products are the standard bearers of our policies (price, quality, health, sustainability, environment...) and of our main corporate values. Together with our partner manufacturer, we seek to better understand the consumer and provide them with advances in terms of usability, health and sustainability, as well as continuous improvement in the value equation of each of the products. The reengineering of processes, ensuring efficiency and connection with the consumer to understand their needs, is decisive in this relational model. And it is the best proof of integration between Eroski's policies and those of the manufacturer.

We have succeeded in this endeavor. And the size of the effort was not easy, taking into account the institutional weight and the entrepreneurial strength that we always gave to our own brands — with sales percentages that in some areas were close to 50%. Judging from the past, there is no doubt that we have supported each other — Eroski and our suppliers — and that the success in the relationship can only be explained by having worked in mutual interest (and not only that of the distributor), side by side, and without focusing solely on price.

We can risk a safe prognosis on the nature of our future relationships with manufacturers: greater collaboration. We are moving towards a greater understanding and on issues more critical to both of our businesses. There will be a greater commitment and on more strategic issues, due both to the orientation in the way companies are managed and to the possibilities that technology is opening up for us.

The collaborative economy, cooperation, the search for synergies between equals and between the different is what is transforming society. There are fewer and fewer frontiers with competitors, and alliances are occupying places unimaginable a few years ago and equally occurs between different links in the value chain, where processes are shared and where information management is something that opens new scenarios for cooperation. Big Data



Meeting with food suppliers held at the Palacio Euskalduna in Bilbao in 2017.

takes us into a world of very great possibilities of progress, with ever-greater knowledge of the consumer and, with it, with the capacity to improve the development of the commercial proposal.

This new era in the management of collaboration could very well be that of a new common playing field where each of the parties can contribute their best skills. An era of fewer borders, with more blurred and shared processes of responsibility, where transparency, trust and, of course, the setting of common goals will be fundamental to the success of these new models of cooperation. Perhaps soon it will not be so difficult to imagine that a manufacturer, analyzing consumer information, can enter more deeply into a distributor's own management, manage customer orders, assortments or promotions, everything that has to do with the most personalized aspect of each consumer.

All the associative varieties imaginable with suppliers will be present in the market, from the exclusive ones of leading brands to the direct purchase of local harvests, in order to achieve a commercial offer that is satisfactory for customers, differentiating for Eroski and profitable for everyone. We have the foundations and credible positioning to propose this with determination, the experience to build it and the tools to work side by side with suppliers.

The Relationship between Distributors and Manufacturers: In the Case of Les Mousquetaires, the Approaches Are Necessarily Multiple and Different.

Didier Duhaupand

President of Groupement Les Mousquetaires

From the outset, Groupement Les Mousquetaires has paid special attention to the different nuances and approaches of the relationship between distributors and manufacturers-suppliers: this relationship changes vis-à-vis agricultural sectors, SMEs or multinationals. The context, nature and size of the suppliers mean that there are different approaches, and these reveal the complexity of an issue that is impossible to address in a monolithic way.

Producers and retailers

The desire to become an actor in certain economic sectors that were at the time little organized or in the process of being structured, the choice to control the different stages of the value chain, the desire to create associations, the will to control sourcing: these reasons explain, in part, the divergences that exist between Édouard Leclerc, founder of the eponymous “Movement”, and Jean-Pierre Le Roch, founder in

1969 of what became the “Groupement” (“Group”).

In 1974, Les Mousquetaires launched the process that led them to become “producers and retailers” with the purchase of an SME from the meat sector — to which the acquisition of agro-food production plants was added. Later, in the 1980s, several trawlers were purchased, marking the beginning of an adventure that has transformed the group into the foremost French fresh fish fishing fleet. Over time, this model adapted to the evolutions that were taking place among consumers, for whom traceability and food safety, as well as the quality of a healthy diet, became important issues. This is what, today, enables Intermarché to accompany the French towards a *better diet*, with products of its own brand, which it manufactures itself, in line with this ambition.

As producers and traders, Les Mousquetaires are currently the leading local food

distribution network and also the fifth agri-food operator in France, with sixty-two factories supplying the stores with its own brand products.

The Group works in cooperation with more than 20,000 producers based in France: we establish, for example, three- to five-year contracts with pork producers with a view to guaranteeing the marketing of 700,000 pigs a year, and soon, one million. We have also initiated a partnership with farmers to support them in the process of conversion to organic production and to help them produce better, guaranteeing them, through a contract that we sign with them, visibility for the future: we commit ourselves to long-term cooperation, for periods of up to twelve years.

Support for regional economies and support for SMEs

This positioning goes hand in hand with unconditional support for the regional economy, which is something that forms part of the DNA of Les Mousquetaires in their commercial activity: the desire to shorten the circuit and better distribute the value chain is the cornerstone of this strategy.

A strategy that applies not only to the agricultural sectors, but also to the SMEs, essential locomotives of the local economy, which embody the entrepreneurial spirit so appreciated by Les Mousquetaires, and also

by suppliers, who are essential to the activity of the Group.

Intermarché thus renews its cooperation with the FEEF (Federation of Enterprises and Entrepreneurs of France) every year to promote the development of the invoicing of each one — also taking into account the specificity of SMEs. Within this framework, through a competition, innovative products are selected each year, which are rewarded with several months of receiving special mention and prominence in all the Intermarché points of sale in France, at the price of sale recommended by the producer. Intermarché pays the winning companies all the margin generated during this period, in order to enable them to finance all their research and development efforts. A second stage, submitted to the vote of customers, gives rise to a period of additional mention of the awarded products.

Large international suppliers

Agrupación Les Mousquetaires, which is a network of independent retailers, must also put itself on the same footing not only with international suppliers who have become powerful multinationals as they have become more concentrated, but also with large integrated distribution groups. The distributors/suppliers approach, when it comes to the relationship with large international groups, is the one most often caricatured,

and appears as the only prototype of relationship..., however, it only covers part of the issue. The challenge, for distributors, is to emphasize that their approach is plural and multiple — and cannot be reduced to the “clash of titans” that so often appears on the front page of newspapers.

Manufacturers of consumer products and distributors form two links in the same value chain. They need each other and are indispensable to each other when it comes to optimizing their respective results. All have to adapt to changes in the market, to changes in economic or technological cycles, as well as to changes in consumption. However, linked to this, they often disagree on how to deal with these changes or on the question of who will bear the costs of these transformations.

New challenges

The agricultural sectors, SMEs, agri-food multinationals, large brands and large-scale distributors...: The relationship between distributors and manufacturers is multiple and cannot be reduced to a single approach.

The developments we are currently experiencing — digital transformation, transformation of tools, transformation of uses, transformation of the expectations of society and the environment — will oblige us to integrate into these approaches the profound and necessary changes that are

taking place. These are multiple changes, about which we are all warned, if we were not already aware.

Redefining our vocation as distributors

In this context in which future prospects give rise to numerous possibilities, one thing is certain: distributors will have to face a particularly difficult challenge. What are we talking about?

In a context of structural growth of Internet sales, when consumers make their purchases on the web, they tend to increasingly use either a search engine or dedicated applications.

What happens then is that retailers, despite being the ones who provide all the substance to these websites and applications, are stripped of their clientele, literally, for the benefit of suppliers who enter directly into relationship with consumers, or for the benefit of intermediaries who direct them towards suppliers.

This is a major challenge, given that retailers are dependent on these intermediaries, who are an obligatory point of contact for consumers in a growing number of sectors of activity, such as catering or travel.

This perspective forces us to turn, more than ever, to our vocation as distributors: we have to rethink our “raison d’être” in relation to current evolutions. This represents

a challenge for both Eroski and Groupement Les Mousquetaires, both of which celebrate their 50th anniversary in 2019.

In this redefinition of the role and mission of distributors, some will be able to rely on true convictions they have embodied throughout their history: this is the case of Groupement Les Mousquetaires with its

unique approach of being “producers and retailers”, as it is for the company and the brand Eroski, which come from the social and cooperative economy. These are two positions which, apart from all the options they will have to adopt, give them, from now on, unique credibility in the eyes of consumers.

2.4

Sparkling Emotions

Eva Ugarte

Marketing Director

Martin Gandiaga

General Manager of Caprabo

Óscar González

Director of Communications

Diego Llorente

General Manager of Forum Sport

A good story begins with a good title.

Guy de Maupassant

The relationship between distribution or retail brands and manufacturer brands, their interaction with the end consumer, as well as their evolution over time, constitute an interesting subject for study and reflection. Until a few decades ago, the role and relationship between distribution brands and manufacturer brands had been established on the basis of two axioms. On the one hand, the manufacturer brand (Nike, P&G, Unilever, to name a few) specialized in detecting and/or generating the customer's needs, developing the product and making it an object of desire for the consumer. Therefore, the development of capabilities in the areas of design and manufacturing, as well as in the area of marketing, were the fundamental factors for its development. On the other hand, and as a consequence, the distribution brand (Walmart, Mediamarkt, Foot Locker, etc.) specialized in making accessible to the consumer the most desirable products of a growing number of manufacturer brands. Therefore, the ability to adapt supply to consumer demand, logistical efficiency and the development of attractive and well-located physical spaces were the key elements for good performance.

The role of the brand (of a company, product, service...) has advanced tremendously in the world of business over these past fifty years. It has gained in importance: from being considered simply a name to differentiate itself from others to constituting the support used by the company to transmit the story for which it wants to be recognized. What it is and what it promises. From playing a purely registering role decades ago, to becoming a fundamental element in the construction of a company's strategy. The brand is now responsible for transmitting the identity and values of the company, as well as the promise of reward by which it aspires to win the customer's complicity.

In companies, the process of branding (building a brand) is carried out by strategists and not just creative advertisers. Some communication and marketing gurus have earned a well-deserved reputation among social scientists. Gurus who stand out in business, but also in the political realm (as we've seen in recent times). This is a good indicator of the importance of the art of branding.

Of course the outstanding thing is not the name/logo of the brand, but everything the strategist has managed to integrate into the name and transmit it to win and keep customers (many customers) with the brand. This is the challenge and the value of the art of branding. Just as it's not the finger that is of interest, but the moon to which it points.

The brand is the most valuable intangible asset on the company's balance sheet. This means at least two things: its decisive role in the sustainability of the business project and the painstaking construction of that specific asset.

Global thinking, the interconnectivity of information systems, open and massive social networks, high consumer exposure to the media, absence of barriers in direct communication between the company and the consumer ... will all be contributory causes and potentiating elements of a new way of communicating with consumers.

This relational scheme translated into the fact that day-to-day interaction with the consumer, the true relevant actor and, therefore, knowledge of them, remained mainly on the side of the distribution brands, which undoubtedly granted them a strategic position in negotiations.

Only the strength and desirability of the manufacturer's brand or its product became a factor of equilibrium, and sometimes of imbalance in favor of it (Coca Cola, Danone, Nike...).

In the 1980s, the appearance of business models that became unifiers of both concepts partially or totally (such as Zara, Ikea, Leroy Merlin, Decathlon or Lidl), as well as the ap-

pearance in stores of increasingly deep and competitive developments of own-brands (in a very important way in food), or the opening of mono-brand stores directly by the manufacturers, meant a first and important breach of the established bases. These facts, together with the spread of globalization, which has had the effect of widening the horizons for both parties, have resulted in the gradual but inexorable blurring of the bases on which their relationship was based, and with it the closeness of each party to the customer.

In this context, Eroski is a highly recognized brand, as well as a democratic brand, accessible to all consumer segments and based on cooperative values and social commitment. It has evolved over the last fifty years at the pace of social changes, the evolution of markets and the cooperative's own business development. During this time it has constituted a name and an identity that reflects a different way of doing things, typical of a cooperative. For their part, with regard to the products bearing the Eroski brand, these products must incorporate the differential values represented by the brand, bringing all the activities

CURIOSITIES

"Is Eroski a Romanian name?" consumers asked in Spanish cities where we first opened a hypermarket in the 1980s and 1990s. Of course not.

Comerco was the name of the company resulting from the initial merger. Incompatibilities in the registry made it necessary to change it one year later. This is how the Eroski brand was born. The name was a second good choice and, although Eroski has no translation, it is related to several words in Basque, *erosi*, *kide*, *toki* ("to buy", "partner", "place"), and from that moment became the banner of the stores and the corporate brand.

In 1977, Eroski also became a product brand. We were the first distribution company to market its own brand in Spain. The white color of those early packages popularized the term 'white label' as a generic name for private-label products. The key: a simple package because the important thing was the product, which was good and had a good price, without frills.

For many years, Eroski brand products have been the only ones to display the nutritional traffic light on their packaging.

We were also the first to incorporate the four official languages of Spain in the packaging of our products (Basque, Spanish, Galician and Catalan), allowing each consumer to read their product in their preferred language.



Own-brand, “white label” products in 1978.

together and giving them coherence and consistency. For example, after the recognition of Eroski as a consumer association, in 1984 the brand also became a magazine name with the launch of the magazine *Eroskide*, aimed at informing members of the cooperative about consumer issues — beginning in 1998, after the creation of the Eroski Foundation, this was developed under the differentiated brand *Consumer*.

What is certain is that the social recognition of the Eroski brand has been based on its cooperative character, the specialization of its stores in fresh products and a competitive offer in terms of quality and price. Today we are recognized as having a high commitment to the development of local agri-food sectors in each of the regions where we operate, always promoting the sustainability of a widely diversified productive fabric. And in the emotional sphere, the relationship of trust and closeness to the consumer is also a recognized pillar. Emotional benefits that were expressed with the slogan “*Contigo*” (“With you”), which first appeared more than a decade ago.

Creating a brand (of a product, for example) implies fulfilling three objectives: customers must prefer it over other options, they must continue to prefer it continuously, not just once, and they must be willing to pay more (at least a little more) for it than for the other options. All companies are “obliged” to produce a good brand. This choice of brand, logo, packaging, is one of the most important issues for big companies/brands; in fact, it is so essential that we usually talk about big brands rather than big companies.

In our case, the brand arose not through the typical commissioning of an advertising agency, but from a simple exercise of representation of the purpose of the new cooperative to be



Image of the Eroski brand and its emblematic “E” on a supermarket facade in its early days.

founded: Comercio. A company was created to make it easier for people to “buy” food products. And behind this simple way of choosing the brand for the company, arose not only the name, but also an embodiment in the brand of the values we intended it to be endowed with: simplicity, honesty, transparency, trust, closeness, consumer.

A brand is a mental representation. A combination of emotions, images and other associations that create a mode of connections in the brain. When we say Eroski, what comes to mind? Large hypermarkets? A consumption cooperative? A Basque company?

AND ONE BRAND THAT IS MANY BRANDS

We tend to think of the future as the time of reinvention, of continuous transformation to adapt to all changes... But that’s already our story now. We were born to respond to basic needs at the best price and we have been responding to society at each new step, expanding the range of our own brand. Eroski Basic tries to represent the origin of the white label, in terms of being the product of savings; Eroski SeleQtia represents the highest possible quality, Eroski Natur is specific fresh food with guaranteed quality controls from prestigious origins.... And, of course, it doesn’t end here.



Brand image on the façade of the Eroski Center Jolastokieta supermarket in 2018.

A Distribution giant? A trustworthy own brand? Stores with a good representation of fresh products? A solidary company? There will be a bit of everything, but unquestionably there will be a common factor in many of these mental representations: our E, which has been with the mark from the beginning without having changed much. We are quite fond of changes, improvements and renovations, but we have retained one of the most important symbols we have, that E which is recognized and represents our values well.

For the brand to be chosen over and over again, the mental representation must be continuously nurtured. Therefore repetition and frequency are key. Getting customers to see and experience the brand over and over again improves their familiarity with it. We are fortunate that we are in a business in which interaction with customers takes place many times during the year, which allows us to show the image of the brand both with the establishments as well as with the products and with people.

A brand must spark emotions, but these are ephemeral, they are only the previous step to enable the consolidation a posteriori of something much more stable: the feeling. It is



One of the first travel agencies of Viajes Eroski.

feelings that can lead to continued preference. What makes me shop again every day in the same store is a positive feeling. Feelings are long-lasting, as they are built over time and reinforced by habits.

When a brand-product has a clear purpose, it generates a certain type of continued well-being in its customers. Hence it gives rise to a stable feeling. And therefore the brand has the opportunity to become a part of the life of people-customers.

We have managed to create this positive feeling because the hallmarks of our identity are concern for the well-being of our customers, for the trust generated, for the guarantee of quality, for the clear support of the environment and for the proximity to the consumer. These values are what have created the necessary connection of feelings that makes a consumer say “this is my brand”; it is what we have achieved over these fifty years of history.

A trustworthy own-brand is a sure value. It is the key to today's distribution business not only because the consumer demands it, but because it is the vehicle that conveys the company's values. In our case, it is one of our strengths and in the future it will be an element that we will be able to take full advantage of to develop other businesses or to create new joint projects that place the consumer at the center of everything.

A VERSATILE BRAND

The brand has been a great distinctive element for the partners, workers and franchisees who have been part of the internal teams. It has also been the unifying concept to expand a strong internal culture to new areas beyond the area of origin of the cooperative. As we progressed in our business project and opted for a multi-format strategy through supermarkets, hypermarkets and franchised self-service stores, the Eroski brand has had to adapt and seek segmentations to respond to different businesses while maintaining a unique and original identity. Large hypermarkets have always been called Eroski because it is the largest store, where there is room for the entire commercial proposal in its broadest expression. The smaller commercial hypermarkets were called Maxi in the 1980s and Eroski Press in the 1990s, to finally be integrated definitively as Eroski hypermarkets. The Eroski supermarkets shared the Consum brand while this cooperative formed part of the Eroski Group and was later called the Eroski center if it was a large supermarket with a larger attraction area or Eroski city if it was a local supermarket. And the self-service franchises used until the mid-1980s the Erosle brand, then Charter and finally adopted the name of Eroski city if they were stores with a full franchise of the business model and Aliprox in the case of smaller franchised stores. The linkage of this resulting brand map is E, the most iconic and memorable graphic element of the brand. The last big step was taken in 2013, with the definition of a new, forceful and differential image of the Eroski stores; interior design became a powerful component of the sensory identity of the brand, because stores are the main place that represents the brand, where there is direct contact with the customer and where the shopping experience has a decisive influence on the overall valuation of the brand. In the future, the challenge will be to make our values tangible in every interaction with the customer in ever more numerous points of contact and increasingly fragmented channels of communication, differentiating the proposition of value to the consumer with a style of our own reflected in a unique shopping experience, in a global Contigo ("With you") experience.

Brands: Exploring the Game Board in the Digital Age

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Few things are so simple, yet simultaneously so important, as brands. Historically, they have been nothing more than a name, sometimes purely descriptive (General Electric). On other occasions, they simply contained the surname of the founder, as if it were his offspring (Renault or Peugeot) or an acronym, trying to explain everything they wanted to communicate in one word (Bayerische Motoren Werke, in English, “Bavarian Motor Works”, BMW). Sometimes, the objective is different: to look for a more or less sonorous fame in any language, like Kodak, which, without meaning anything, was chosen by Eastman simply because he found it easy to pronounce and remember in any language.

The origin of brands goes back to the end of the 19th century with the birth of industrialization. It is true that, in the past, artisans “marked” their work with a personal signature that differentiated their creations from those of their main competitors, but it is also true that the concept of the brand itself was created to make a product or service known on a massive scale to a potential consumer

who does not need to be familiar with it either through his own experience or through close references, as was the case with the former artisans. It is in those differentiating elements that these artisans included in their products where we can find the origin of the isotype, that icon that represents the brand and often replaces it, such as the Lacoste crocodile or the Apple apple.

Since their birth and throughout the 20th century, brands have been nothing more than that: a name and an image that were built in the mind of the consumer, with a quality and a price associated with attributes of their own, which created the mental map that consumers had of the different brands competing in a particular category, what today we would call their positioning. And so it has been from the industrial revolution to the digital revolution. Indeed, the digital revolution is also now changing the rules of the game and making the function and role of brands more sophisticated and complicated in the imagination of users.

In a way, it might seem that digitization has brought us back to the origins of brands

in the sense we commented on at the beginning of this text. Whereas, at the end of the 20th century, the creation of a brand was a tremendously professionalized job in which companies went to agencies for experts to give them the most appropriate name, now, with the development of entrepreneurship and the proliferation of starts-ups, the genesis of brands has returned to the hands of their founders. In most cases, these founders have no knowledge of branding and choose the brand by consensus, in the phase of the company's creation, even before the product or service exists, and for a long time it constitutes, by itself, the only "asset" of the newly founded company.

But this is probably the only sense in which we have returned to the origins, because what happens in consolidated sectors, such as mass consumption or distribution, where the main players are large companies with a strong internal marketing component and a sophisticated ecosystem of partners and agencies, is that they invest more time and money in the creation, maintenance and, increasingly commonly, modification of their brand portfolios.

In these sectors, what has happened is that digitalization has changed the game board: it has modified the dimensions that build the branding of a brand and altered the balance of power that existed between it and its consumers.

In the last century, all the power in the construction of a brand was held by the company that created it, a good product or service, together with good positioning work and adequate marketing were enough to create, maintain — we could almost say indefinitely — the position of a brand in a market.

Now, on the other hand, the mix of channels that companies use to make brands known has also changed, adding a new complexity to communication, since digital channels are not unidirectional like traditional ones, but allow an interaction — we would even say, an interrelation — with the consumer. We no longer communicate the goodness of our products for others to hear, now they respond to us and sometimes even refute us. This fact adds a new dimension to the creation of brands.

The brand itself loses value for the consumer and the user cares less and less about it. The *Meaningful Brands* study, based on 300,000 interviews and published periodically by the Havas Group (www.meaningful-brands.com), analyzes 1,500 global brands in 33 countries and, year after year, comes up with the same result: people wouldn't care if 74% of brands disappeared. And this is a global figure; if we stick to the most developed markets, the figure is worryingly worse (bear in mind that, in some less developed countries, the

difference between consuming a food of a well-known brand and doing so from an unknown brand can become a health problem).

On the other hand, digitization has allowed all users to be connected, to share their vision of brands and to have visibility of issues that until now were part of their “private life”: how products are made, what raw materials are used, what quality controls are used, how they treat their employees, whether or not they are respectful of the environment and local economies, and so on.

It is also true that this situation has a positive side for manufacturers: brands, for their part, know what their potential buyers say about them and their competitors. It is true that companies have had to develop crisis protocols that did not exist until now, because any failure, of any kind, in any corner of the planet, can mean that a consumer’s complaint becomes viral and provokes a global crisis, but it is no less true that this same knowledge allows them, through what we call active listening, to build brands day by day, to understand which attributes are valued by their consumers or which dampers discourage their consumption. The case of Fairy is well-known: after analyzing the comments that appeared on social networks, the brand launched a new product for

washing machines, because it discovered that many consumers applied the dishwashing soap Fairy to the difficult stains before putting clothes in the washing machine (the “anti-grease” attribute of the brand made it more reliable than other brands of detergent for washing machines).

Brands now interact with their users through social networks. Their image is no longer simply that of their icons, products or services. The tone in which they reply to their followers on social networks, the speed and diligence with which they do so and the solution they give to the problems they face build the brand image as much as the advertising they broadcast in mass media (in fact, sometimes such advertising has to counteract a mistake made when reacting to a possible crisis).

And then the question arises: if brand creation has become “de-professionalized”; if the consumer doesn’t care whether three out of four brands disappear and if companies have lost 100% control over their brands, does that mean brands are no longer important?

Nothing could be further from the truth. The proof is the activity we are witnessing in the portfolio of brands, mainly for mass consumer companies, while distribution companies are also working their own portfolios, increasingly distancing themselves from the brands known as white brands to

focus on their own brands. (When Kevin Robert, from Saatchi & Saatchi published his theory of lovemarks, he positioned them as the antithesis of trademarks and yet some of these distributor private labels are today seen by consumers as lovemarks in themselves). The creation of product ranges, such as Eroski Faccile, Nature or Belle, is a first step in the right direction; the construction of brands using communication channels equal to those used by mass consumption will be next, and the conversion of the brand into an experience brand, understood as a brand that focuses more on the experience around the brand than on the characteristics of the product is clearly the horizon to be explored.

The arrival in distribution of actors such as Amazon or Google may affect the pricing policies of brands, which is what they seem to reduce it to. However, paradoxically, they do nothing more than give greater value to manufacturer's brands: on the one hand, because the price of a brand is only comparable to itself and, on the other, to the brands of distributors who, as we mentioned in the previous paragraph, should be oriented to differentiate themselves from these pure digital actors and attract the consumer to the point of sale in order to transfer that experience to which we refer. These actors and others who are appearing along the way, such as Alibaba, are now in the

spotlight of retail companies that do not fully understand whether they are facing a competitor or a possible ally.

Brands are more alive than ever and their future (which was called into question at the end of the 20th century with the appearance of the dreaded white brands) is powerfully re-emerging. But brands have to understand three fundamental points:

1. That they are no longer the owners of the brand (as if the brand was their child, it does not belong to them, they simply bring it into the world).
2. That it is no longer enough to offer quality or provide a good service, brands have to become relevant to the consumer. If they are based on product attributes alone, they will become those three out of four brands that users couldn't care less if they disappeared.
3. That the construction of brands is dynamic, changes day by day with the news published about them, the comments of their consumers, the actions of their employees and the consequences of their actions.

The future belongs to brands that understand these three simple points and apply them in the search to become experience brands for their consumers and get into that 26% of brands they consider "relevant".

2.5

Value Chain: Faster, Cheaper, Better

Javier Amezaga

General Manager of Resources

José Miguel Fernández

Director of Development (1987-2011)

Alberto Madariaga

Director of Logistics, Processes and Systems

Mauro Rivas

Head of Quality

*There's nothing as useless as doing efficiently
what you shouldn't do at all.*

Peter Drucker

If Eroski's sales amounted to only four euros — one needs imagination, right? — one of those euros would be used to pay our salaries, the energy that illuminates our stores, the transport that moves our goods, the rent we pay to the owners of those stores in which we operate on a rental basis and all the rest of the resources we use in our business activity. Only the last pennies of that euro would correspond to the (meager) profit we make as a result of this mobilization. The other three euros, in full, would be paid to producers/suppliers. Surprising, but true: three out of every four euros that our customers pay for products and our service we give to the producers of goods. Manufacturers are one of the three parts that make up our value chain, along with supply and stores. Understanding the enormous weight they have in our results, unquestionably helps to understand the importance of our shared management with them.

They differ from one another greatly. On the one hand, there are the largest ones, the huge corporations that make us look small in the face of their global size. They are well known: Nestlé, Danone, Coca Cola, Procter ... The only thing possible with them is a relationship of shared benefit, and a *sine die* link. We can't afford a rupture with them, and for our customers' children not to be able to find their favorite dessert in our stores. We have always known how to interpret this essential relationship in a pragmatic way. In fact, in recent years, these giants of the food industry recognize us as one of the distributors who most and best collaborate with them in generating new added value for both parties and, consequently, for our customers.

Another very significant group is the one made up of those who produce our own brands. Our history is also that of thousands of suppliers who have decided to work with us making products that customers like. Some are big manufacturers, some are small. Most of them have linked the future of their organizations to ours, and today we can look with pride at the road we have travelled together to bring our customers thousands of products that are an essential part of their lives: they feed, care for, clean and equip their homes with Eroski products. For a number of years now we have received international awards that demonstrate to us that the management shared with the suppliers of our own brands is correct, successful and differential: their quality, their price, their packaging and their origin, to mention some of their characteristics, are widely recognized. In any case, our customers give the best prize to us every day, with the trust they show when buying our products.

The last group of suppliers to be highlighted is, without a doubt, the local ones. They are the thousands of farmers, livestock breeders, bakers or fishermen's guilds that serve us the products of our land, of each land in which we are present. Because our company is *Bilbaína* in Deusto, needless to say! and *Pontevedresa* in Coruxo and Catalan in the Eixample... We are from here. The best way to prove it is to support the society and economy of the territory,

and those suppliers with whom we collaborate to offer our customers local-grown tomatoes, the bread we ate as children, the fish from our nearest coasts, all grow with us, and together we generate wealth and sustainable development.

If producers “earn” three out of every four euros, the supply chain gets a good portion of that imaginary fourth euro that we still have to manage. And what is the supply chain? It is the sum of the activities we carry out, together with other agents, to ensure that the products we offer our customers are available at the right time, at the lowest cost and in the best conditions. It is a complex organization that involves our suppliers of goods, transporters, distribution platforms and even the very people in the stores who place the products with care in the right place at the right time. Many thousands of people work together to square the circle: faster, cheaper, better.

Each link in this chain is critical: the result will never be better than the weakest link, so the joint optimization of all this and its parts has been a management constant throughout our history. We have approached it in different ways, applying different methods, but always, invariably, aiming to optimize every day the work processes that allow us to satisfy our customers. This constant reconsideration of the product purchasing and supply model, the new management capabilities and the continuous improvement of operating processes are the seeds of the many initiatives that have enabled us to achieve significant efficiencies in our value chain that have inspired other operators throughout our history.

Thus, in the 1970s our efforts were concentrated on the maxim of eliminating superfluous actions that did not add value and yet entailed a cost. The goal: to reduce expenses. Eroski's entrepreneurial nature, spirit of self-improvement, and strong internal commitment to prosper combined with an incessant principle in our history: improving customer service and attention. This allowed us to implement, in a pioneering manner, improvements in replacing store stocks, which we began to do when the establishment was closed. It meant a change in the organization of work in the store and a notable improvement with its being fully stocked before opening and the reduction of replenishments during opening hours so that we could concentrate on better customer service and better service generally. The innovations also reached the central depot in the form of automatic warehouses.

At that time, we decided to provide solutions to companies in the industrial sector, which then had commissaries for their workers — at a high cost to them. We offered them the possibility not only to maintain the offer, but to improve it with more references, better schedules and services and, of course, at a lower cost. Their loyalty and incorporation into the quota system (a permanent discount on their purchases) allowed us to significantly increase sales per square meter by more than 50%.



General Merchandise Warehouse of Elorrio in 1998.

Innovations were also made in the format of our stores and we decisively entered the difficult field of multi-format management with the opening of the first hypermarket in 1981. That venture continues today with an extensive diversity of formats, the result of flexibility and adaptability in the definition of new proposals to meet consumer needs.

Likewise, the firm belief and incessant commitment to the creation of shared value led us to open channels of collaboration with manufacturers. This was a relationship of fundamental cooperation in the innovation and improvement of our value chain that remains in force today. The result was a notable optimization of transport, with such memorable and paradigmatic measures as transforming the shape of detergent drums from cylinders to rectangles in order to optimize the space of transport vehicles by improving the capacity of the pallet by 30%.

As for the third major area of the value chain, our network of stores — much of what happens in them is also part of the supply chain — the greatest added value of our organization is the relationship between people, between each person who works in our stores and each customer who chooses to rely on us to make their purchases. There are millions of interactions, and in each of them our future becomes a little bigger and better, or the opposite. They are now called “moments of truth”, because in each of those interactions

each customer decides whether they will buy again tomorrow in one of our stores or try something different. And there is nothing more important than the positive energy that can be transmitted in each of these interrelations, which can be the smile, the help, the sincere concern for their circumstances...

AN EXAMPLE OF TRANSFORMATION: THE MEAT SECTION

The evolution of Eroski's meat section is a good example of continuous improvement, adaptation to the times and the search for the highest quality and food safety. There was a time, in the 1980s, when our meat section started even before the slaughterhouse located in Berriz (Bizkaia) itself, which we managed directly. We made the purchase of the cattle on the farm and negotiated the prices at the time of slaughter. The uniqueness of this part of the value chain was that it was also a meat product factory processing all types of products such as fresh sausages, hamburgers and so on.

At the beginning of the 1990s, the process of expansion and development of Eroski, the birth of the Eroski Group and the opening of a significant number of supermarkets and hypermarkets nationwide, forced a change. To adapt the service, we built a meat processing plant (CTC Zorroza), attached to the Bilbao regional slaughterhouse, which integrated the entire meat section and its different processes, including the poultry category. We achieved an important transformation in all areas: quality, purchasing, logistics, procurement, alliances, acquisitions, people. We then consolidated the concept of quality through the different processes in different training and adaptation programs (5s, Pareto, EFQM, etc.). In coordination with the government, we worked in a rigorous and demanding way on the concept of food safety with the implementation of HACCP (good handling and hygiene practices, cold chain, traceability, cleaning and disinfection, etc.) and hand in hand with AENOR, with the ISO 9001 Certification, certifying the Natural Taste Veal Program in 1994 (predecessor of the current Natur program), with the scope of supply, handling, cutting, storage and delivery of meat and meat products to the Eroski Group's sales centers. It was a milestone: we were the first company in the certified meat sector. In addition, it was in this sector that most food safety problems originated and certification provided security in all processes. Later on, at the end of the 1990s, we also certified the meat processing plant, which meant having a fully certified processing plant. This situation increases consumer confidence, since in those years there were still no insurance programs such as DO, IGP or quality brands.

With time and another series of changes, another milestone was the development of production in consumer portion format: trays were produced, both for beef and processed products; the option was given to service centers of a fully finished product ready for sale. This was an important step in the transformation of the meat section in general, as we went from producing the product in the centers to carrying it out centrally, from assisted sales in the stores to the new self-service model. This meant the progressive disappearance of the butcher in the centers, a figure who has since reappeared as the market has evolved as has the strategy defining the framework of the relationship with the client.



Automated logistics platform in Elorrio in 2014.

In the search for continuous improvement, the customer partner has played and continues to play a fundamental and differential role with respect to our competitors throughout our history. Their sense of belonging and commitment to participation defines a more demanding, yet committed figure, which represents a pressure factor that drives us to permanently review process management, to continually explore new and better solutions, to promote change, and which injects us with the necessary stimulus to maintain the spirit of aspiring to offer excellence to customers. The common factor shared by these fifty years of history is our relationship with customer partners, which is currently culminating in levels of relationship that are increasingly personalized and, therefore, more satisfactory. The store is therefore a key link in the value chain. Until the customer leaves the checkout line with the purchase or until they receive it at home with complete satisfaction, the flexibility of the store teams to adapt to the flows and to optimize the service is essential.

In this potential we have a competitive advantage. The big difference is always our cooperative nature; that is, when one of us looks at, talks to, attends, charges a client, we are well aware that we are making our own future better, along with that of our family. Because Eroski is the organization of all those who make it so every day. On that condition we can indeed qualify it as efficiency in the value chain.

LOGISTICS EFFICIENCY IN THE VALUE CHAIN

Eroski has a broad network of its own platforms. In the hands of the distributor this is a very useful resource to ensure power over the value chain, but managing it demands the necessary professional skills above and beyond those of being a mere retailer. Additionally, it requires a thorough management in which manufacturers must necessarily be involved.

Our understanding of logistics has undergone a radical shift in recent times. From a model sustained by fundamentally manual work, it has now changed to an automated and innovative model. But if we want to continue the change already initiated towards excellence, we must work on two key aspects: standardization and collaboration.

The standardization of tasks and processes of the different actors in the chain is the first step toward continuous and shared improvement. The standardization of industry best practices facilitates common language and connectivity. The synchronization of the different agents, meanwhile, is one of the keys that defines a chain's global efficiency in costs and services.

This synchronization, however, is not possible without collaboration between the different actors in the chain. By working together we can generate synergies and deeper changes than we can achieve on our own. These collaborations require a preliminary basic starting point: trust between collaborators. To be able to share knowledge, ideas, information, improvements, etc.

An empowered and responsible human team always represents an indisputable condition. And this is also true in logistics activity, which often requires continuous physical effort.

At Eroski in recent years, we have automatized the processes most harmful to people. The primary reason is to improve people's physical working conditions. On a platform, each person can move, on average, around eight tons of weight per day; added to this is the fact that the average age of the workers – in many cases members of the cooperative – is increasing and, as a result, they are more susceptible to being affected by these physical conditions. And secondly, we have sought to improve the efficiency of the movement of goods.

That's why we automate some of the heaviest processes, such as fruit, food and frozen foods. We redefined the transport model with new strategies, including the optimization of the transport of purchase at origin and, likewise, we implemented new tools for anticipating demand.

If the 1990s witnessed the birth of e-commerce in retail, today no distributor can ignore online sales. In fact, Eroski and Caprabo's commitment to online and multichannel sales is more than evident. However, the challenge remains the area of the last mile and the preparation of orders and we are avidly at work in the search for flexible and efficient solutions, both in the preparation of orders and in the delivery to the end customer.

In the area of logistics, and in particular the platforms, we have been working for many years with a lean management model: the search for perfect quality at the first go and the elimination of wastage and activities that do not add value. In recent years, we have implemented this methodology throughout the Group. And it provides us with many benefits: simplification, standardization and homogenization of processes; agility, flexibility and adaptation to commercial dynamics; efficiency and continuous improvement; deployment of objectives defined with the same criteria and with clear goals for all members; and finally, people's satisfaction by increasing their participation and self-management.

Price and Value

It is not a bad beginning for this chapter to quote Machado when he calls a fool anyone who confuses value and price. Indeed, this is precisely one of the most important dialectics in the strategies of every company in the distribution sector, just as it is in all others.

The price of products has always been an essential aspect of the customer's shopping decisions. Consequently, for the suppliers of the product or service, the strategy of the price image and the value image has been an essential factor for locating their space in the market.

In fact, in food distribution, the customer's primary motivation for choosing a store has been proximity, in a permanent, clear and prominent way. But secondly, price is always mentioned, sometimes within that more complex formulation of quality/price.

However, the importance of price in mobilizing the customer is not something stable, it is not immune from the influence of other factors, such as income. For example, 50 years ago, Spanish families devoted half of the family budget to food purchases. Necessarily, in many families, the price of products determined what was consumed and what was not. But the smaller diversity of shops and products at that time led to the need to choose the cheapest products within the store and to concentrate the greatest expenditure for special occasions.

Today, the percentage of income we dedicate to food has been considerably reduced and does not reach 15% on average, an additional empirical application to test Engel's Law that attributes negative income elasticity to food expenditure. One consequence of this is that, for many customers, the higher price of better quality food would have a small impact on total expenditure. However, it has to be recognized that there are still significant sections of the population where the share of income spent on food remains high. For example, the lowest disposable income quintile in Spain devotes 20.3% of its income to food (2017) while the highest income quintile allocates 10.3%.

In addition, the variety of format or store types available today means that customers can choose not only between products, but also between stores where they already know that prices will be low, regardless of other factors, or stores where they will find interesting offers or stores with a broad range of goods, services or other values.

In times of crisis and prosperity, consumers also modify their food spending in other ways, lowering or raising the average price of the items in their shopping basket. In recent decades, animal protein (meat and fish) has increased its presence in dishes to the detriment of bread and potatoes... As a result, the average price per kilo of food has risen. And in the last crisis, the immediate reaction of the consumer was to reduce the average price per kilo of these proteins, for example regarding meat, by increasing the consumption of chicken at the expense of beef.

But, just as price is a very rational, easily assessable and comparable factor of choice, the value for which the price is paid meets with difficulties of evaluation and perception and leads the choice into a terrain of subjectivity that has always been the subject of attention in marketing disciplines. In this regard, I prefer to use the term value rather than quality even though the latter is the most colloquially used. Value is a concept in which, in addition to the intrinsic quality of the product, there is also room for other contributions such as cultural, social, perceptual and emotional ones that are usually related to brands.

And it is clear that when the client mentions price as the second criterion in importance when choosing a product or an establishment, they are including in the affirmation, more or less expressly, an idea of equivalence, equality of value or quality.

When the customer does not distinguish the difference in value, they choose the best price.

And when talking about food, there are many facets to value, including of course the following three: sensory and pleasing, nutritious and healthy, and sustainability and origin, ... The more devoid of values the food, the more important will be the price as an element of comparison. And when this happens, the product that fits this strategy is a product made as efficiently as possible, dispensing with non-recompensed values, so that a low sales price is able to cover low costs. This inevitably leads to moving production to the most efficient places and, if they are far away, to production processes that help preserve them for the longest time and transport conditions.

And what are the values that we think are important to preserve? In order to establish guidelines for a healthy and sustainable diet in the population I consider it very important to encourage people to discover the integral value of food, at least in the three facets described in the previous paragraph and for parents to acquire and transmit this value to their children.

There is a positive correlation between obesity rates and the symptoms of giving little value to eating and food (fat fast food consumption rates, time spent cooking and eating, eating while working or traveling to work, number and variety of foods consumed in the diet, amount of local products,...).

The problem with the value of healthy and sustainable food is for this value to be really significant, important and perceived as such by the consumer. And some values are more easily communicated than others and, similarly, the values of some foods are more easily communicated than others. For example, an unprocessed piece of fruit will rarely be able to communicate its value to the consumer. However, a processed food, with added value, a brand and an important company behind it, will be more likely to communicate its value to the target customer. The base of the food pyramid, made up of unprocessed food, is full of companies with little marketing budget.



Display counters of fresh produce at Eroski Leioa in 1986.

And this is where all brand and communication strategies deploy their weapons with varying levels of success to try to win over customers. The prize will be to get them to pay an additional price for the value transmitted.

Distributors must also face the challenge of communicating value if their chosen strategy is to provide additional value. As in other companies, this value must also be significant and relevant for a sufficient number of consumers. The variety, the services, the comfort of purchase, the type of products offered, etc, are some of the components of this value and the challenge, as always, is to ensure that these are perceived and appreciated by the potential customer.

In the case of Eroski, we want the consumer to perceive an additional value based on different aspects, such as buying in a more pleasant store, with better attention from the people in the store, with more varied products (double or triple the number of other stores with equal surface area, which also allows the number of suppliers who have access to the customer to multiply), with assortments that provide intrinsic values related to healthier and more sustainable diets, with a broad presence of fresh products (products that we promote

in the absence of manufacturers that do or can do it), with notable efforts to provide information and education to consumers (food schools, publications)...

And we also want the consumer to be able to buy at reasonable prices, comparable to those of any other establishment, including those that specialize in pricing strategies. One of Eroski's commitments (the 7th of the 10 Commitments to Health and Sustainability) is to ensure access to a healthy and responsible diet and especially when we refer to basic products and those that should have a greater representation in a healthy diet. At the same time, we want this diet to be imbued with values that are useful and of interest to the consumer. We like to emphasize the fact that we offer the right price, rather than offer low prices without talking about the product. We place special emphasis on making good things accessible, for people of all walks of life, not just for the most favored.

In short, we see that there is high consumer interest in food; it is in fashion. We hope that this will not be fleeting and that it will result in a better diet and that Eroski is seen as an accomplice in that endeavor.

One of the values to which we attach great importance is the value of the local product, the one produced very close to the place where it will be consumed. These products have all the ingredients to represent a stance toward consumption, giving value and meaning to the fact of eating, an essential biological activity and, despite being so basic, with multiple and varied repercussions. Fifty years ago, local products were very frequent, but their value was not perceived as high; in fact, new foods from abroad (yoghurts, beverages and soft drinks, packaged foods, exotic fruits...), represented the desired values of variety, quality and prestige, and television helped to spread and root them. Today, these — old — new products, are loaded with less attractive connotations and local products are again becoming the focus of attention, but not all of them in the same way, rather specially those that are best suited to a healthier and more sustainable diet. In our opinion, local products with these characteristics have an extremely promising future, given that the consumer will view them favorably and purchase them.

And as we look further into the equations of value and price, one question that often arises is that of fair price. This is a strange question in a market economy that sets the price of things at the point where supply and demand for comparable products intersect and is not based on considerations of fairness. Incidentally, institutions that have emerged in recent years in all countries, such as the Comisión Nacional de los Mercados y la Competencia (National Commission on Markets and Competition, CNMC) in Spain and the corresponding equivalent regional authorities, strive to ensure these conditions of transparency in the setting of market prices.

Justice in price refers more to moral questions, a matter that has been pondered since at least the time of Aristotle, who associated justice with the preservation of happiness, or to Saint Thomas. This justice addresses the adequate remuneration or compensation for an effort and in particular relates it to the compensation that allows that effort to be sustained in the future under dignified conditions (social, environmental, and economic).

Fair Trade, managed by various NGOs, is one of the most noteworthy initiatives concerning products from distant origins, such as coffee or cocoa. But when we speak of local products we find less support, especially when discussing generic ones, of limited differentiation, i.e. those with a limited ability to get the customer to attribute a distinctive value to them. And as I said above, if customers do not know the value, they choose according to the price. Agricultural commodities are the most directly affected by this lack of differentiation. The theoretical solution is simple: for generic products to escape the dynamics of confrontation between supply and demand, quality local brands as well as other values must be created and communicated that can distinguish themselves and be uniquely identified in the eyes of the consumer in the hope that this additional value can support an additional price.

But that is not all, even if an adequate total remuneration for the product has been achieved, then that value must be distributed among all the links in the value chain. In order for this chain to be sustainable, all the links must receive sufficient compensation to cover their costs under lasting conditions. Depending on the sectors, there is always some link that has the capacity or decisive force to condition this distribution and be favored in it. It is unfair and irresponsible to apply a selfish or short-term view to this distribution: sustainability is at stake.

Eroski has also had to define criteria for action in this field. The selling price is also, as mentioned in this article, one of the primary criteria for making a purchase for the consumer members/partners who govern this cooperative. But the concern for a healthier and more sustainable diet has led us to seek different relational conditions, more constructive and longer term, with the weakest links in the food chain, with producers, farmers, livestock breeders, small manufacturers and industrialists. The desire is to listen in order to better understand the existing conditions, to better communicate to the consumer the value of the products, and to distribute in a more sustainable way the result of this work in the value chain. These are three commitments that have guided us in recent years and that we expressed publicly in 2012.

What values consumers will give importance to in the future is an open question and it is also unclear whether they will be willing to pay for them, because if they do not pay for

them, the one who contributes the value will either disappear or will seek compensation in another way (*if you do not pay for a product, then you are the product*). However, I believe that some of the values that consumers will be willing to pay for in different ways in the future will have to do with at least two things: With freeing time from less satisfying activities and, precisely, with feeling good through maintaining human relationships, through activities of discovery or creation, and through taking care of someone or being taken care of.

This also holds true for distribution companies, which must respond to all these needs from their own areas, applying technology of course, but above all, I hope, applying humanity, the only thing that in the long run has value and that value cannot be bought at any price.

Evolution of the Value Chain

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Talking about the evolution of the value chain over the last fifty years and analyzing the future challenges it faces is not an easy task, as it involves tackling the evolution of our society as a whole.

When we talk about consumer products, especially food and beverages, it is essential to put the consumer at the center. The value chain focuses on this contribution of value to the final consumer, who is the one who pays the costs that this chain generates. The supply chain must therefore ensure that products arrive in the right quantity, at the right time and at the right price.

We will address the evolution of the value chain by reviewing the evolution of distribution in recent years and also the moment of disruptive change it currently faces.

While transformation is a constant, there are occasions when some deeper, more disruptive changes occur, which represent a true turning point. According to a recent study by the consulting firm McKinsey on the history of modern commerce, there have not been many changes over the past century that have led to a real transformation of the sector.

Unquestionably, the first profound change would be the birth of the supermarket. It seems that its precursor was Clarence Saunders, who opened his store in Memphis (Tennessee, United States) in 1916. That establishment, called Piggly Wiggly, meant a great change in the trade as it was known until then, since the products were packaged and displayed on shelves. This made possible the development of containers that, in addition to preserving and containing the product, also helped to sell it. The new way of displaying the genre opened great possibilities of development for brands.

In terms of productivity, the new store model implied a radical change, as the counter and assisted sales were mostly eliminated. From this moment on, the supermarket would evolve with bigger stores and more innovations.

The second major transformation took place in 1963 with the creation of the hypermarket. Fournier and Defforey opened, at an intersection on the outskirts of Paris, the first establishment with the concept of everything under one roof. The consumer

valued making a complete purchase and was willing to travel in order to find all that assortment, so easy parking was essential in the new commercial format.

Another element of attraction were the offers and what Bernardo Trujillo defined as a policy of “islets of loss in oceans of profit”. From that moment on, the hypermarket also evolved: it developed its own distribution brand, formats became larger, specialist distributors appeared, and so on.

The third great innovation of the twentieth century was the emergence of Internet sales, although many of the operators who appeared at that time have since disappeared because they did not reach the necessary level of profitability. Keeping in mind Nicholas Negroponte’s differentiation between bits and atoms in his book *Being Digital*, the advantages of internet sales are most evident in industries such as media or travel contracting, where the product is not material and therefore does not demand the associated costs of logistics. Despite this, some of the barriers to the sale of food over the Internet are beginning to be overcome.

The last disruption, for the moment, is what we call multi-channels. The consumer lives surrounded by technology and this is their new normal. As Peter Hinssen points out in his book *The New Normal*, the consumer wants a unique, seamless experience,

regardless of the channel. The consumer’s desire is to access an unlimited supply of options, at any time and from any device, and this new reality has major implications for the value chain and transforms, revolutionizes, the supply chain. It means, for example, making it more flexible and, at the same time, multiplying its complexity. The amount of data is multiplied and the quality and reliability of the data is the basis for this change. The great challenge for our sector in this new environment is to continue satisfying consumer demands, meeting their expectations and with a sustainable business model.

In addition to proposing a complete overhaul of the business, multi-channels take the very sustainability of the model to the limit, since price transparency puts pressure on margins and Internet sales entail logistical and delivery costs higher than physical sales.

The impact of this new era affects not only operators in the consumer products industry, manufacturers and distributors, but also requires the collaboration of other agents (logistics operators, those responsible for managing mobility in cities...), given the need to handle, for example, the last mile, with a notable increase in home deliveries. Similarly, a convergence of channels occurs that requires redefining the role of the store as we have known it until now.

The value chain

The value chain is a concept developed by Michael Porter in his book *Competitive Advantage: Creating and Sustaining Superior Performance*, according to which companies develop a series of activities that generate costs. The key is that this value, translated into the price the consumer is willing to pay, should be higher than the cost of the activities incurred to generate it.

Porter divides the set of value chain activities between primary or line activities and supporting ones.

In a broader vision, we must also analyze the so-called “value system”, understanding it as the set of value chains. This concept seems to me to be particularly important, as it has been instrumental in improving efficiency and adding value.

In the first stage, with the development of mass consumption and a model of demand focused on producing those products the consumer wants to buy, the fundamental thing is to be able to take the product from the primary sector to the store — in the case of fresh unprocessed products — or to the industry, for its transformation and subsequent distribution to the stores. At that moment, wholesale markets appear, both at origin and destination, to bring these products basically from the countryside or the sea to urban centers in a period of expansion.

In that value chain, it is basically the manufacturer who assumes the physical distribution of the products to the stores.

Subsequently, the growth of organized distribution and the multiplication of points of sale cause a major change, with the creation of warehouses, logistics platforms that centralize the delivery of products from suppliers for subsequent delivery to the points of sale and with a prior process of product selection (picking).

In this case, there is a change of function in the value chain, so that one of the links assumes a function performed by the previous link, in exchange for part of the contribution of value it bears.

In recent years we have seen examples of a similar “upstream” shift in transport. Traditionally, manufacturers shipped their products from their factories to warehouses or distribution platforms. However, with the aim of seeking greater optimization of vehicle loads and reducing empty transport — especially in returns — some distributors have taken over the transport of products from the factories or warehouses of their suppliers, which is known as “backhaul”.

This is a clear example of how interconnected the different links in the value chain are and of the importance of promoting best practices based on collaboration models.

It should not be forgotten that in order to promote an agile and seamless value chain it is necessary not only to pursue the efficiency of physical movements, but also for this “physical flow” to go hand in hand with the exchange of information throughout the chain. GS1 standards have played a fundamental role in this environment, allowing us to speak a common language, and they range from the identification of articles and groupings, data capture — through barcodes —, to information exchange systems such as EDI.

ECR (Efficient Consumer Response)

The emergence of these new forms of distribution mentioned above, along with the slowdown in growth, the reduction in margins, the proliferation of the number of new references and the need to promote greater customer orientation on the part of manufacturers and distributors led to the birth, as early as the 1990s, of the ECR project, first in the United States and later in Europe.

In essence, it involved a change of approach, moving from a model of confrontation to a new model of collaboration that would eliminate costs and guide the entire value chain to the customer.

The collaboration between the links and their focus on the end customer allowed us to tackle such important aspects as the

reduction of shortages on the shelves, non-optimized assortments, overstock throughout the chain, operational inefficiencies linked to promotions, and so on. On the other hand, it also made possible greater success in launching new products, more efficient promotions and assortments with greater rotation and more geared to the needs of each store and the end customer.

The ECR strategy was defined through the commitment of manufacturers and distributors to work together in order to bring added value to consumers, reducing total costs in the processes of generating and satisfying demand. Moving from confrontation to a win-win relationship is the great breakthrough of this initiative.

Many of the best practices of the ECR project go hand in hand with the need to share information. Thus, in order to indicate the total costs of the chain, projects such as the Continuous replenishment program (CRP) and even Collaborative planning forecasting and replenishment (CPFR), have been developed.

These projects were the forerunners of practices such as tense flow or cross docking, which aimed to adapt surpluses to demand, optimizing the level of inventories along the chain. These practices require a framework of collaboration to ensure that the increase in delivery frequencies does not entail a cost greater than the savings

obtained. It is important to bear in mind that here the demand for delivery reliability and compliance is even greater, as otherwise they can lead to a greater number of stock ruptures.

This vision of an end-to-end logistics puts the focus on the end customer to the extent that the level of service becomes so important that it can become a priority, over and above the costs it generates.

In these cases, developing adequate and shared metrics and also involving logistics operators is essential to success, as well as so that the process of outsourcing logistics and transport does not imply a loss of control over it.

Containers, packaging and handling elements

Above and beyond the primary container, packaging, the evolution of the value chain has played a very important role. We must not forget the great advance brought by the introduction of the pallets, which made possible important improvements in terms of efficiency and productivity in the loading and unloading operations of trucks and also in the warehouses.

A decisive step towards their consolidation was also the pallet pools, which were later extended to areas such as returnable transport containers, mainly made of plastic and widely used in fresh products.

Packaging has also been adapted to the requirements of the entire value chain and its evolution. Not in vain, it is an added value for the product, since it serves for its protection, handling, transport and storage, as well as to boost its sales.

Different initiatives such as “Ready to sell” or “Shelf Ready Packaging” have served to reinforce this vision and give greater importance to the costs associated throughout the chain — especially in the store — and with a collaborative approach. The challenges are to make packaging easy to identify the product, make it easy to place and restock on the shelf, and improve its viability.

Additionally, the concern for sustainability is now gaining weight and is a trend that will continue to grow, so that, in this new scenario, waste management and waste reduction will once again test the vision of the entire value chain.

Similarly, within the framework of the circular economy, our value chain must seek zero waste, something also demanded by the consumer, as demonstrated by projects aimed at reducing food waste throughout the process.

Also, the reduction of emissions, the carbon footprint, represents a new challenge. In this field, projects such as Lean & Green combine sustainability and efficiency by trying to reduce greenhouse gas emissions in transport while improving efficiency.

Multi-channels and transparency of the value chain

The Greek philosopher Heraclitus is credited with the phrase that the only constant is change. Einstein said centuries later that “there is nothing more permanent than change” and that in order to keep your balance you must keep pedaling, as when you ride a bicycle. In the digital age, change is still present, but it is accelerating and new terms and technologies are continually appearing that will drive this transformation. Artificial Intelligence, blockchain, automatic learning, advanced analytics... are examples that reveal only the tip of the iceberg.

Until now, the value chain had been based on linearity. However, in recent years, it has evolved into an ecosystem of networked value, as Peter Hinssen points out in *The Network Always Wins*. This ecosystem implies taking greater account of all stakeholders and — just as in a biological one — means much more interdependence between those who share a given habitat. The need to share information between the different agents will be a growing demand in this new ecosystem of value.

The new consumer is also accelerating the process of change. Their expectations, behaviors, and eating habits have changed. In addition, in the era of disinformation, marked by post-truth and fake news, the consumer has become more skeptical and

trust is a value that takes on special relevance.

In this area we are also witnessing a paradigm shift, since as Rachel Botsman explains in her book *Who Can You Trust?*, trust goes from being based on institutions to being distributed among many other “actors”. This is the basis for the success of many collaborative economic platforms, in a digital era in which the currency that will enable us to win consumer trust is transparency.

In this new ecosystem, where everyone competes with everyone else, the convergence of formats and the need to offer “experiences” versus “products”, “solutions” versus “ingredients”... implies the need to carry out a series of activities that entail costs. The key is to turn them into value, so that the consumer is willing to pay for them. In this field, new players have appeared and will continue to do so, who have managed to overcome the entry barriers that existed, especially those linked to large investment requirements and the locations of stores.

This requirement no longer exists, because the consumer can order their products from anywhere and from any device and request delivery or collection also anywhere, which is making possible the development of hybrid models (drive, store collection, drop points, lockers, etc.).

Generate value for all stakeholders

In this stage marked by the speed of change, we offer the consumer a product with a specific quality and many other things: innovation, proximity, exclusivity, commitment, sustainability, convenience, time, trust, pleasure, fun, differentiation, quality, well-being. Many product categories have become commonplace and, in the absence of differentiation, price has become the main decision-making element for the consumer/buyer. For this reason, we will soon see the development of brands and shops that will base their value proposition on other elements: seals of authenticity, proximity, closeness; with attributes of health and well-being that the client will increasingly value.

The concept of value, for which the consumer will be willing to pay, has also evolved and in some cases has become

more demanding. The new consumer demands more reliability (zero tolerance to failure in the digital age), immediacy, and also commitment. Similarly, never before has the transparency of the entire chain been so important, guaranteeing the rigor and practices used to produce the product and that include aspects such as animal welfare or the commitment to a fair and sustainable chain, from its beginning and for everyone. The Internet has given the consumer a voice and the ability to listen and share experiences.

In the midst of an era of change, the main challenge of the value chain is to continue being the protagonists of this chain and, therefore, to develop companies that society values and wants to exist. A more open and aware vision of the need to generate value for all stakeholders.

2.6

Data Management

Arantza Guezala

Head of Business Intelligence

Jesús Miñaur

Director of Information Systems (1987-2013)

Alberto Madariaga

Director of Logistics, Processes and Systems

*All I invent, all I imagine, will always be this side of the truth,
because there will come a time in which the creations of science
will surpass those of the imagination.*

Jules Verne

Over the course of Eroski's fifty years, each strategic plan has been characterized by a clear commitment to the use of technology in the integral management of the company. Technology has gone hand in hand with the needed development and innovation of our businesses and functional areas. Until 1990 it was applied to mechanize the main internal production processes. From that year on, with the introduction of micro-computing in Eroski, we were able to make a qualitative and quantitative leap, extending management tools and creating internal networks. It took another decade, almost at the dawn of the 21st century, to move beyond our bounds and begin to apply technology in processes that would provide new value to our customers and modernize our businesses: the online supermarket is an example of this, while the consumer information website and the Eroski corporate website are also highly deserving of mention. In order to be able to face the fourth digital revolution in the first two decades of the 21st century, in addition to further automating our production processes and seeking efficiency and effectiveness in them, we have implemented powerful, fast, reliable and secure communications networks: state-of-the-art data warehouses, from Data Warehouse to Big Data, in which we store in digital format the data generated in all of Eroski's production processes (commercial, logistics, points of sale, IT, financial, human resources, marketing, customer loyalty, product quality, etc.). Likewise, we have equipped ourselves with tools and processes that will allow us to analyze in almost real time the information we capture from the internal processes mentioned above, as well as information from outside (competition, customers, the Eroski brand on networks, stock market information, weather, censuses, real point-to-point routes, consumer habits, habits of our customers, devices of all kinds...).

We are ready to tackle our total digital transformation. Before our 60th anniversary, it will be a reality applied to all businesses, functional areas and of course our people, our customers and consumers. The culture of a company is shaped by the actions and attitudes of its people, so the digital transformation we tackle must include people and, therefore, the business culture. This transformation will maintain the values that are part of our DNA, such as cooperation, collaboration and solidarity, and naturally adapt them to the digital age, in which these three attributes are fundamental. We must be recognized by modern and young digital society for being clear exponents of these values.

As a business, the digital transformation is a great challenge, but transforming our culture into a digitally more cooperative, more collaborative and more supportive one will be even more so. In the digital age, one of the levers to achieve this transformation is the efficient and effective use of data, in other words, when we need it, which requires ensuring its origin, its veracity, managing it intelligently, securely and ethically, and extracting its value through

analysis and AI (Artificial Intelligence). Data will allow us to grow our businesses and provide our customers with ever greater value, with proposals that make their day-to-day life easier, and clearly differentiate us from our competitors.

In the digital age, data is the new oil: “We need to find it, extract it, refine it, distribute it, and monetize it” (David Buckingham). Analytics allows us to know the story behind each piece of data and only those companies that achieve this will maintain a competitive advantage over their rivals.

Our digital transformation strategy is solidly based on that vital element: data, refined data, quality data for making quick and accurate business decisions, for the continuous satisfaction of our customers and people. Data governance will be a key issue. In organizations, the figure of the CDO or Chief Data Officer will naturally appear integrated into their structure, who will be in charge of ensuring data quality, its good governance and compliance with the current legality in storage and use of data, especially the personal data of clients. We are talking about a new digital ecosystem at the service of the organization’s strategy.

STAGES OF OUR INFORMATION TECHNOLOGY

1. The stage of its creation (1975-1985). Everything is yet to be done. We try out new things, providing partial solutions, nothing is very sure. The company continues to be run manually and computers do their thing.
2. Consolidation (1986-1997). We continue to provide solutions for a single company (Eroski s. coop), but we now address many more aspects of this: mechanizing commercial processes, logistics, point of sale, administrative processes... We go from mechanizing administrative tasks to applying this to daily operations (sales, purchases, movement of goods, etc.).
3. The stage of complexity (1998-2004). With the creation of the Eroski Group, complexity and dispersion skyrocket. We spend many years convincing and gradually integrating all information systems. We lose the innovative drive and become bogged down in the very difficult integration of dozens of different processes and systems. In the midst of this process, the turn of the century (Y2K) and the arrival of the euro (2002) also contribute to the slowdown.
4. The re-launching of large, transformative projects (2005-2008). The size and complexity of businesses and the systems that support them mean that no one is able to fully embrace and understand them. It is necessary to cut up, to phase, to divide the projects. It takes dozens of people to get them going. The size of the Group makes the development of projects and changes complicated, expensive and very hard. At the same time, security occupies more and more time and resources (duplication of data centers, firewalls, etc.).
5. We began to view business processes from an industrial perspective (2009-2013). Crisis of sales and results. As a result, technology budgets shrink. “More for less” is the mantra of this period. Integrating systems and simplifying their use are obligatory goals.



Using the “picking” pistol at the Elorrio platform in the 1980s.

Data analytics has been the latest technological revolution that has pushed the business world towards a deeper and more realistic vision of its business and the behavior of its clients, but only if the maximum potential of this knowledge is exploited can the difference be made in an increasingly competitive and globalized context.

Descriptive analytics show us what’s going on in our business in a way that’s easy to understand. Analyzing historical information allows us to determine what happened and why.

Another step includes techniques of predictive and prescriptive analytics, which will help us convert descriptive metrics into knowledge and decisions. Predictive analysis allows us to predict what will happen and prescriptive analysis helps us identify the most appropriate decisions for our business. This is why the greatest benefits are achieved when both types of analytics are used together. At this point, we will be able to manage those predictions that allow us to identify the best decisions in the key areas of the business.

The use of prescriptive analysis techniques facilitates the automation of complex decisions, in which the context involves taking into account a large volume of data, variables and multiple constraints. Prescriptive analytics, applying mathematical algorithms suitable for each case, can provide us with proposals for optimal results, in other words, incorporating intelligence and processing capacity to improve the efficiency of the process.

In addition, prescriptive analysis uses the results obtained from predictive analysis (predictions, prognoses, trends) to assess all possible options taking into account the set of variables (costs, limits, constraints, capacities) and selects the most appropriate proposal from among them, guided by the objectives set out in the solution. Goals such as achieving the lowest cost, the highest profitability and/or the best use of resources become the guide for identifying the best decision; any objective is possible if the model contemplates it. This is, therefore, the next step to take if we want to maximize the profitability of our business.

Predictive analytics thus respond to what will happen in the future, and prescriptive analytics can help us direct our future decisions by making them more favorable to our strategies.

Here we may mention concepts such as data mining and machine learning. Although it is not uncommon to see these terms used interchangeably, the main difference between them lies in the goal of each of the disciplines. While data mining uncovers previously unknown patterns, machine learning is used to reproduce known patterns and make predictions based on them. It could be said that the former has an exploratory function while the latter focuses on prediction.

The next step, which will affect all the processes, is to include Artificial Intelligence (AI) in the digital strategy of companies in order to know and treat each customer as a unique and individualized person. In fact, it is already revolutionizing business and our case will be no different. The keys to this change will consist of transforming our people, who in turn will transform the Areas, in order to be able to transform our Businesses and, through them, our customers.

If we focus on the company's marketing area, AI makes it easier for everyone, whatever their size and sector (retailers, banks, telecommunications companies and more) to know their customers as individuals and reach them in an efficient and effective way, according to their unique preferences.

With AI and its capabilities we will be able to get to know customers with a 360° vision, to know which products they prefer and which ones they are going to prefer without even knowing them yet — and we will prescribe them through any of the personalized communication channels available with each of them-, and we will be able to offer customers and potential customers the products or services adjusted to their preferences and needs, automate

tailor-made campaigns, hyper-personalize content, learn from consumers to know them as individuals, read large amounts of information, and predict possible scenarios in order to make better business decisions...

But it's not just about getting to know our customers, it's also about our working partners and employees. We will be able to possess their profiles, plan their career curve, design the necessary training over time, all helped in turn by AI (learning to learn). Predicting who will have the right profile to fill a position, keeping people from leaving, knowing before they themselves know which position will best suit their knowledge and skills ... The possibilities are enormous.

AI is also useful in the collaboration with suppliers: with the data we will have and the capacity to analyze it and predict what will happen to it, the collaboration with our suppliers will be further enriched, as we will be able to provide them with information that allows both parties to design commercial actions that are of greater benefit both to customers and to us and our business.

Artificial Intelligence will help improve the efficiency of in-store management. And the more efficient we are in executing the processes in the store, the more controlled they will be, the better they will be executed and we will have more time to serve the customer, surprise them and develop active selling.

Just as in store processes, we also apply efficient and effective management in value chain processes, logistics and support processes in general. By means of descriptive analytics, we monitor both the key indicators that measure efficiency and those that measure its result (effectiveness). The different management committees (Commercial, Network, Marketing, Logistics, Processes and Systems, Economic-Financial, Social, Development) use the information provided by the analytics to make decisions and ensure the achievement of goals.

Therefore, Artificial Intelligence will be the new brain that will help us in the execution of any and all processes of the organization. By working with AI and people in a symbiotic way all our processes will become much more efficient and effective. What we can never lose sight of is that technology does not replace human capacity, but rather complements it and enhances all the talent that people have. The person will always be at the center.

And in the near future... willing to relearn.

Today everything can be mechanized. And any aspect of business can be improved with the help of technology. Good business processes, industrialized processes, ones that are constantly being revised and improved, supported by increasingly automated systems, are decisive for achieving a value chain: precise, efficient, with good results and economic; exactly the conditions needed to compete and survive.

We depend on and benefit from technologies. And the benefits will grow, as will the dependencies. The challenge is to master them in order to benefit rather than suffer from them. And mastery is obtained with professional and organizational relearning, and with anticipating uses.

Below we shall provide a brief list of the main technologies, in addition to the AI already extensively commented on, that most help us today, or will in the near future, to improve our efficiency and competitiveness:

- **Big Data.** In 1998 when we built our first Big Data we called it Data Warehouse and referred to it as the “oracle”. It has not stopped expanding and growing more sophisticated and will do so much more. It is useful in getting to know customers, improving product ranges, offers, prices ... to reach customers individually with personal proposals, offering what interests them directly on their mobile, or to detect fraud...
- **Robotics.** In 1989 we assembled the first “robots” in the Elorrio warehouse, the “*Transselvadores*” and the “*carros filoguiados*” that handled pallets controlled by a computer. Today the Platforms are full of automatic storage and picking systems and things won't stop there. Robotization will continue to increase in warehouses and will eventually reach stores, where restocking shelves remains an area to be conquered.
- **Internet sales.** We started selling over the Internet in 2000 and since then we have seen that it is not only a complementary channel to physical stores, but is becoming a battleground of vital importance. Competitors like Amazon seem to be playing at another level and are attacking traditional distribution channels through a radical approach to information systems and the Internet.
- **Equation: Energy - Information - Communication - Transport.** The transformations of these four elements have been decisive in the previous industrial revolutions. We are now immersed in a new revolution and the technologies that converge in these four fields will also cause quantum leaps in productivity and efficiency in the coming years.

Energy. Our businesses are big energy consumers, but more and more we can produce some of the energy we consume. We have built energy-efficient stores and used the roofs of some warehouses to install solar panels. But more far-reaching and more integrated leaps are needed. Building standards (Passivhaus) exist to radically reduce electricity consumption in stores and warehouses. All this combined with an Internet of energy to coordinate and optimize production and consumption.

Circular economy. We must work to achieve a radical reduction in packaging. The circuit of use of raw materials must be closed: zero waste and all residues returned to the production chain to manufacture new products.



The Géminis data processing center in Elorrio today.

Information. Automated information systems succeed, and will increasingly succeed, in reducing the work of executing operations and in making daily operational decisions quickly and intuitively. We will move towards the complete integration of information systems, with two levels of operation: automatic functioning and automatic decisions and those that need reflection, supported by a system that provides you with what you need to think and decide.

Communication. Everyone at the company will be in communication, guided and coordinated in their work processes. They will have the information they need to do this correctly. Internet for communication with customers (B2C), suppliers (B2B), machines (M2M), etc.

Transport. We will use self-driving electric trucks, without driver and with automatic loading and unloading. Home delivery, the last mile, continues to be a precarious job pending automation, which will come hand in hand with autonomous cars and complementary developments. This is still a few years away, but the revolution it will cause must be taken advantage of. The fully integrated supply chain with suppliers who automatically restock warehouses is just around the corner. All of the

above has to do with the Internet of logistics, which will unite all actors (companies, people and machines) involved in the supply.

There are many more technologies that we can take advantage of in the various fields of activity of the company, such as:

- **3D printing.** This will be a complete revolution in industry, in construction, in the maintenance of installations (printing on site the parts to be replaced), in medicine, but also in food as it will be possible to print food in shapes, colors and flavors a la carte, in stores or by home service.
- **The Internet of things.** This will connect all people and all machines that have an Internet connection. There will come a time when all products will have RFID or something similar and are able to communicate to fully automate checkout by combining with contactless payment cards. Anti-theft cameras in stores will be connected to online image analysis systems that immediately warn of possible thefts and record them in detail. Households may have an inventory of products and automatic orders may be made to online stores. And there are many more possibilities.
- **Blockchain to ensure the security of transactions within the company and with suppliers and customers.** Traceability of transactions and products. Computer security as an increasingly vital element. The company will be able to operate and survive without its systems.
- **Crowdsourcing.** Technology will allow us to integrate consumer participation, to know their opinion on issues, products or stores, but also on management or strategy. Every bit a gift for our consumerist action.
- **Personalized menus and purchases to improve your health according to your needs, in an individualized way.** Automatic food cooking. Dehydrated powdered food with all necessary nutrients (Soylent, Joilent...).

All this is on the way, it's arriving, some things sooner and other things very soon after. Some of them won't work properly and will stagnate. New things will appear that we don't even intuit now. But if we add up the effects of elements such as the robotization of warehouses, driverless transport, automatic checkout without personnel, automatic restocking, Internet sales (home service), automation of daily operating processes, we see that a lot of employment will be destroyed or trivialized. This is going to be something the cooperative will need to work on: how to find new jobs for people, given that automation will be inevitable.



Eroski online, Best Online Supermarket in 2017 and 2018.

Another focus of work is how all this will effect on our businesses and their future orientation. We must fight for the customer on all fronts and with the available technologies so as not to be separated by a stroke of the pen by those who are increasingly successfully applying these technologies.

Technology causes huge leaps in capacity, it is not a choice but a necessity in order not to be left out of the market. Let's get to it with energy and wisdom.

Collaborating to Grow Again (An Introduction to BDC)

José Carlos González-Hurtado

President of IRI International

First things first. I would like to express my gratitude to Eroski for inviting me as international president of IRI to participate in the celebration of its 50th anniversary.

Thank you very much.

In this text I want to share my experience and the idea that technology, along with Big Data and prescriptive analytics, can bring what all distributors and manufacturers aspire to: a new period of growth.

The key word is collaboration and Eroski, like the most advanced distributors in Europe and the world, has decided to move in that direction.

But first, if I may, I'd like to introduce myself. My name is José Carlos González-Hurtado and I am the president of IRI International, the global leader in technology and Big Data in the consumer goods and distribution industries. I am Spanish, but for professional reasons I have been living outside my country for about twenty years, currently in France, but previously in Germany, Israel, Greece, the United States, Ukraine and Russia, Switzerland...

I have had the immense fortune of working in the mass consumer markets from the manufacturer's side, leading Procter & Gamble's various local, regional and global businesses, and from the distributor's side, as Chief Commercial Officer and member of the Executive Board of the Carrefour Group.

New challenges

In recent years, new problems and new challenges have appeared in the consumer goods markets of developed countries, which both manufacturers and distributors often face without a great deal of success. I'm going to cite three of the most important:

- 1) Markets without growth: "The pie isn't growing". In the last five years, in Europe the combined sales volume of all consumer products have decreased by 0.1% per year and in value have only grown by 0.8%. As a related observation, I have come to the conclusion that the best predictor of a society's future increase in wealth is the present relative

growth of its population. This is observed historically and it is observed today, and in this sense it can be said that Europe is “committing suicide demographically”. In any case, the implication for manufacturers and distributors is a “zero-sum” world, where the only way to grow is to increase market share and take a share of what the competition has. This new reality results in price wars and promotions, the overabundance of manufacturers’ references — not justified by the consumers’ reality — and the overabundance of distributor openings — not justified by the existence of new customers. And in the end, everyone has spent more to stay in the same place.

- 2) Exponential increase in competition and complexity: “More diners are dividing up the pie”. A few years ago, Walmart had approximately 1 million references in stock, now it has more than 35 million... and Amazon about 500 million (possibly many more when you read this). In the United States, 13% of all sales are made over the Internet, and when I started working in marketing at P&G, 95% of the advertising was on TV. Now 34% of advertising is “mobile”, even if most companies don’t know if it’s worth it or even if it works at all. Private labels are proliferating and there is also an increase in local brands, making it more

difficult for national/multinational manufacturers to reach the consumer (for example, today in France — and in the rest of Europe to a different extent — compared to just a couple of years ago, there are almost 10% fewer references of national manufacturers reaching 80% of average distribution).

- 3) Less loyal consumers: “My piece of the pie is no longer mine”. This is largely due to the above points, since if there is more choice and the number of consumers is stable, decisions are fractionated and “we get less”. In addition, consumers/customers are actually less loyal. I have always been fascinated by the fact that the first, quasi-universal criterion by which customers choose their supermarket is that it is “close to home”. It is an argument against the ability of distributors — with a few exceptions — to create loyalty among their customers. Well, now more than ever, the same is true for manufacturers, in my opinion because of relinquishing leadership in innovation and marketing, the two motors of brand development. But this is another story.

“If we knew everything we know now”

I remember this phrase by Lars Olofsson, who was my boss and CEO at Carrefour, which captures the aspiration of all distributors.

All distributors know that they have an immense amount of information at their disposal that could be enormously useful, but none — or almost none — know how to access it or how to use it. They know that in their departments and stores there is data that put together would be very valuable, but their systems “don’t speak to each other” and they are unable to extract value from that information. They know they don’t know knowing they could.

As T.S. Eliot said:

*Where is the wisdom
we have lost in knowledge?
Where is the knowledge
we have lost in information?*

It seems a constant of our time... so much data, so much information and so little wisdom.

Distributors know they hold in their hands most of the answers to their questions, but they do not know in which hand. Sometimes, like Buridan’s donkey, they remain motionless while others eat from their heaps of hay, and at other times, with Niobe’s arrogance and without remembering the sentence from the book of Proverbs (“let he who understands obtain guidance”), they try to build the Big Data platform on their own. As someone ironically suggested, they could also try to develop the operating

system of their computers or build their own company cars, and it’s possible they’d be more successful with that.

The truth is that when distributors — and manufacturers — have access to all the information in their systems and connect it to market data, they can quickly make the right operational decisions — price, assortment, promotions, advertising... — and also the most strategic ones — store format, location, own brand, and so on.

“What if we were one company?”

Many years ago, Durk Jager, who was my boss at Procter & Gamble and CEO of the company, came up with the ECR concept.

The problem at that time was that manufacturers produced as many goods as possible without taking distributors into account. They sold everything they could and hoped that, in turn, distributors would sell it to their customers. The problem was that frequently this did not happen and the result was that the distributors ended up having an excess of stock, while manufacturers had peaks and valleys of production, with the consequent losses for all the actors of the market. So Durk suggested that the whole industry, i.e. manufacturers and distributors, work as one to give an “efficient response to the consumer”, in which the process is seen as one — holistically — from before production to the sale to the consumer.

In the same way, we have been advocating what we call BDC — Big Data Collaboration —, which we see as the solution to the industry’s current problems (of course for the three mentioned above). Many distributors in Europe and the United States have already adopted the concept — Eroski is the first in Spain — whose idea is similar to that of ECR: “Let’s operate as if we were one company”.

Distributors certainly have much of the exclusive information, such as point-of-sale sales or the loyalty card, but this is not enough. Manufacturers also have a lot of proprietary, manufacturing, as well as logistical information, but that’s not enough either. Finally, the market can provide other information that complements the other two groups: from the rest of the market, information from advertising media, causals, etc.

BDC means operating with all the information, as if we were a single company, to achieve the greatest efficiencies in the operations of the distributor, the logistics of the manufacturer and distributor, or the marketing actions of both.

I have no doubt that collaboration is the future — the immediate future — and the solution to resuming growth in markets that now appear exhausted.

“Some things I’ve learned”

Some people when they reach a certain age — I’m a bit older than Eroski — think of

“the legacy they are going to leave”. For my part, I have started a book that I want to leave to my children to explain “Things I have learned” (I have seven children, thank God, so I will publish at least seven copies). I believe that some of them are relevant to this text. These are “life” lessons but which I consider appropriate when I see the problems facing the adoption of BDC.

- 1) Reality always imposes itself. Forgive me one excursus, it seems to me that since the time of the Enlightenment there has been a struggle in society between “realism” and what I call “ideologism”. That battle intensified in the 20th century and continues today, and then some, as it has transcended into business. Simplifying it, on the one hand there are those who prioritize what “should be” (at least according to their particular ideology or desire; these are the ideologues), and on the other hand there are those who prioritize “what really is” (regardless of their tastes or passions; these are the realists). My observation is that ideologues produce melancholy at best and chaos in most cases. Reality is independent of our desires and opinions, and in the end it exercises its rights. In our field, I have noticed that some companies — distributors and manufacturers — lack real knowledge of their capabilities

— of what they are and what they can do. They “look” as if they were the new Amazon or Apple and confront the old challenges as if they dictated the rules and set the trends. As a reminder to everyone, until practically 1990, Sears was the world’s largest distribution company, today it seems close to bankruptcy. Many of the “big names” in our industry are now in serious danger of following Sears. And that’s *quidquid latet appareret*¹.

- 2) “It’s up to you.” To quote my father, another thing that I have learned, and which seems not to be very fashionable at the moment, is that our future — our personal one and that of our projects and companies — depends mainly on the decisions we make in the present. This implies a great responsibility, because we cannot blame anyone, but also an enormous freedom and security, because we are masters of our lives. Victimism is a sweet poison. On the one hand, it is true that “la vie c’est une bataille”² and that currently many distributors and manufacturers, when observing the complexity of their business, abdicate from “fighting” (who isn’t overwhelmed upon learning that

every minute more than 300 hours of YouTube videos are uploaded, or that annually more than 1.5 trillion searches are made on Google, or that next year the total number of mobile phones will reach 5 billion, with the changes that this entails in consumption, purchasing habits, advertising, competition, etc.). On the other hand “il faut se battre”³ and for this there are the new advanced analytics (prescriptive, descriptive and predictive), which are complemented with machine learning and Artificial Intelligence. IRI’s technology and analytics platform — ILD, now accessible to Eroski — carries out more than one million queries a month, analyzing several trillions of data on the fly, and in 95% of cases these are answered in less than five seconds.

- 3) Principles + Intelligence + Energy. The ingredients for success in our industry, and perhaps others, are as follows. First, “think”, devote time to strategy, to observing the market, the competition, your reality. Then, “act.” And always, always, always “do the right thing” and don’t deceive yourself or be fooled by others, we all know what is “right” in every circumstance. My experience is that many distributors need to spend more

1. “What is hidden will be revealed”, *Dies Irae*, est. 13th century.

2. “Life is a battle”.

3. “One must fight”.

time “thinking” — many run but don’t know in which direction — and many manufacturers need to devote more energy to “acting” — many just seem to decide not to make a decision. To observe reality, think and act, our industry today has Big Data, analytics and technology.

To conclude, it is true that our industry is currently undergoing a huge transformation and many will say that what worked

before no longer works. Although that may sound like a novel thing to say, it’s actually the oldest mistake in the world. The solution to our challenges is — as was previously the case — collaboration between distributors and manufacturers. The data is there, between all of us we can transform it into the necessary information to grow again. Or, as Benjamin Franklin said: “We must, indeed, all hang together, or most assuredly we shall hang separately”.

2.7

Alliances: Needs Unite Us

Beatriz Santos

Commercial Director

Gotzon Elizburu

Director of Food Purchasing (2004-2012)

*I do what you can't and you do what I can't. Together we can
do great things.*

Teresa of Calcutta

Ours is a history of experiences in alliances: to be constituted in 1969 as a consumer cooperative presupposed the will to act jointly in the improvement of the conditions of acquisition of products of first necessity for the widest possible group of people. Without allying ourselves, we would never have been born. The initial and almost main objective was to save money and, as society evolved and reached levels of well-being, we responded to other needs such as healthy eating and sustainability, two of today's great concerns (and two with future projection).

The alliance is, therefore, an inherent characteristic of our existence, a fundamental part of Eroski's identity throughout its entire history, from the integration of the figure of the working partner to international alliances. And if there is one thing we have learned, it is that these business relationships are like personal ones, that is, they are born, grow, evolve and can end, and that whether they are successful or they end in rupture — which is not failure, because one learns from every experience — they require a constant listening and revision of the purposes for which the parties joined forces, in order to be able to confirm them or adjust them according to each vital moment.

In an alliance it is essential that the personalities of the parties are maintained and that at the same time a new one is generated for this space of common action, in such a way that none of the associated companies feels that it is diluted in the other, that it loses its objectives and its values, that the originally shared purpose ends up belonging only to the other... And for that, from our experience, we believe that alliances must be nourished by something more than mere economic objectives or competitiveness, and must be filled with a personal soul, a shared feeling. What do we mean by this? They must be a sum of business values — commitment, responsibility, work, transparency — and of those that, in daily life, we understand as fundamental in other areas: companionship, trust, flexibility, tolerance, equity, empathy, honesty, loyalty and generosity. Close and personal contact is as important as identifying a business opportunity, the perfect or possible ally and setting common goals. We know from experience that no alliance is sustained if people distance themselves. You have to work closely, always.

This personal element is important in the relationship with any of our allies, but it undoubtedly reaches its greatest expression when we enter the international arena. Bringing together business cultures and heterogeneous societies is more complex and requires greater efforts to coordinate and adjust. It is essential that management is involved at the highest level, on par with the work of expatriates, those people from the cooperative who have gone out to work in other countries such as China and Switzerland to carry out close monitoring, to transmit our business culture and to bring back from abroad that of others.

This is not only history, because we live in a moment in which society pursues cooperation and collaboration as elements of competitiveness and the search for clear business opportunities. It is increasingly common to find alliances between different people, between competitors, between a priori realities that are not very connected, but which find spaces of synergy of some kind that give them meaning. This is not just history for us either, for Eroski. In the area of distribution, movements in purchasing alliances will become clearer, more necessary and more global. Multi-channel activity and the proliferation of new global players will make it necessary for operators with more local management spheres to reach collaboration agreements to strengthen ourselves, to gain stature, efficiency or agility in innovation. New technologies, virtual reality, Big Data management, and specialized skills will require alliances for their exploitation. Startups may be accelerators of certain initiatives, in which cooperation between different parties is and will increasingly be a need to adapt,

OUR THINKING

They say needs bring people together more than ideas. Our experience confirms this. But the union is stronger when ideas are shared along with needs. In addition to needing each other, we must share the same thoughts on essential matters.

Being different is not a problem, but rather an opportunity if we are complementary.

In such a case, together we are more than the sum of two separate entities; and there is no better result than this for valuing a collaboration.

more than simply a reality. Otherwise we will be forced to concentrate distribution, which would clearly not be good news for our competitiveness and for society in general. On the other hand, alliances in logistics to meet current and future needs for immediacy and ubiquity in deliveries will require new skills, which can potentially be resolved through collaborative means.

And we are not just referring, as has been the case at other times in our history, to agreements and collaborations between companies, but to working together with institutions and administrations based on

cooperation for the development and innovation of products and services, in line with the evolution of society, responding to the needs that arise. Our relationship with AZTI, the Basque Culinary Center, the Knowledge Clusters of Euskadi and Navarra and the public Basque environmental management company, IHOBE, for example, are part of this new type of alliance, in which it is not a question of joining forces to compete, to face others, but of joining forces to tackle the social challenges of the future with a greater capacity for success. Ecodesign (with IHOBE), Big Data management (with universities), healthy food and health education (AZTI and the Basque Culinary Center) are already the result of this collaboration.

On a broader level, let's focus on "the local". The local does not refer only to the product, but to the environment itself: On how to keep people tied to their land, living in their



Celebration of the 60th anniversary of VEGALSA in 2016.

villages and producing in the agricultural sector, where we are their most sensitive and close collaborators. Part of this responsibility lies with the government, which has to ensure that services of all kinds reach all citizens, wherever they live, but another part depends on Eroski, making it possible, as is already the case in the Basque Country, the Balearic Islands and Navarre, for online shopping to reach every corner of the territory.

The future holds many challenges and in order to face them we will have to continue analyzing the ones we tackled in the past. That past in which, apart from the early intercooperation with the interior, already in 1989 we proposed a first alliance towards the exterior that resulted in the Eroski Group: the union of forces with the Valencian cooperative CONSUM — which in time resulted in a purchasing center. In 1998, Unide, Mercat and Vegalsa were integrated, and in this way the Eroski Group had an outstanding invoicing turnover in food for the time. With an agreed division of labor: Eroski is responsible for the purchasing center, the design and commercial strategy of the formats, and the exploitation and performance of the businesses in the hands of the allies. There is permanent agreement on these matters through the management bodies, obviously made up of the allies. The union with Vegalsa has turned twenty in 2018, and is the greatest proof that we have known how to understand each other over time. To this end, relationships must be maintained, and in this sense meetings, understood as sincere, open, sufficient, critical but constructive conversations, have always been the base without which nothing would have been possible. The meeting has been a

fundamental tool at all times to find consensus and achieve a common language. In fact, it is a common phrase among us to say that Eroski suffers from the disease of “meetingitis”.

In 2004 the Valencian cooperative Consum, after fifteen years of alliance, decided to leave the Group and follow its own path alone. This separation frustrated a project of progressive integration between the two largest cooperatives in distribution. An end which we term a loss and which, like all losses, entails suffering and learning. Some alliances, and this was one of them, as a consequence of the demands of market concentration, require a growing degree of commitment that the allies are not always, for justified and powerful reasons, in a position to satisfy. There was a divergence over the scope of the alliance that spoiled an empowerment partnership. In any case, we both left the alliance with greater strengths than we had when we started it.

This is the case of the establishment of International Purchasing Alliances, a necessity to be able to compete internationally with multinational distributors (Carrefour, Auchan, Lidl, Aldi) and to negotiate with those who are leading manufacturers with market shares much higher than ours, no matter how large we are on a national level; and a relationship that generates learning from shared experiences. In the 1990s, there was a first attempt by the Eroski Group to create a joint purchasing center with the French distribution chain Leclerc. It was never realized because the necessary balance was not struck between what each party contributed, nor were there common objectives, but it was offset in 1996 by the creation of an international distribution platform composed of cooperative companies from northern Europe, plus the Associazione Nazionale Cooperative di Consumatori (the Italian National Association of Consumer Cooperatives, ANCC, and its executive instrument, Coop Italia). The result of that alliance, which ended in 2016, was called Intergroup and focused on non-food purchases in Asia. All these processes served as the basis for the International Food Alliance (ALIDIS: initially formed by Intermarché and Eroski, later joined by Edeka) in 2002. In 2015, with the entry of Conad, Colruyt and Coop, we formed the largest European purchasing center, Agecore), which over these fifteen years has consolidated itself as a defensive alliance in the search for improved purchasing conditions with international brands, and has a very clear long-term commitment, a shared strategic vision and ensures the independence of each party.

Finding areas of cooperation, beyond pure purchasing management, is useful for exchanging experiences, and in this context we have developed seminars and workshops that have allowed us to reflect jointly on current issues such as health, sustainability, sustainable fishing, logistics, multi-channels, digital transformation, the drive concept and Big Data (customer information management), among other topics. In this sense, alliances provide extra knowledge that allows us to design solutions adapted to our market.



Members of the AGECORE International Alliance in 2017.

Alliances can also be established with suppliers, beyond one-off collaboration agreements or for very limited projects. And in these cases we have broken molds, made a difference and been guided by something more than the search for the best price. When Danone became the supplier of our own brand, nothing like it existed in the Spanish market. Three-way co-branding products continue to be something that can only be found on our shelves today. We started with Artzai Gazta, putting our label, their label and that of the denomination of origin that defends them, to reinforce positions, and no other distributor in our surroundings does this (we are following the Swiss example), and others then followed. Introducing in our stores Navarrese food with a PGI such as artichokes and asparagus, clearly identifiable with their place of origin, follows the same line of action. In our alliances with suppliers, we are guided by the search, in addition to a sufficient competitive level, for a differentiating element to offer consumers who have been with us since the origin of our operations, and to be consistent with Eroski Contigo's positioning, that is to say, with our idea of a company responsible to society in aspects such as the environment and healthy eating, adapted to the local way of life in which we develop our business and for which we work.

Business Alliances and Competitiveness

Henar Alcalde Heras

Researcher at Orkestra, Instituto Vasco de Competividad

Nowadays it seems impossible to think a company can be competitive if it remains isolated, relying solely on the knowledge it is capable of generating within itself. Business alliances are positioned as an important competitive lever that allows companies to overcome their internal limitations (financing, material resources, human resources...) and open their doors to external knowledge that allows them to innovate and learn.

What are strategic alliances?

One difficulty we encounter when studying the phenomenon of business alliances is the meaning of the term itself, which is often used ambiguously. In keeping with the academic literature, we would say that alliances are a typology of business collaboration, very different from what is meant by a network, coordination, or cooperation (Camarinha-Matos & Afsarmanesh, 2006). In a network we basically exchange information (a network of contacts, a social network...), while coordination involves not only exchanging information, but also aligning activities to achieve effective results. If we go one step further in the intensity of the interaction,

what appears is cooperation, which means sharing resources between different organizations to achieve compatible objectives (following a philosophy along the lines of the “division of labor”). And finally, at a higher stage we find collaboration, where the idea is to share resources and responsibilities to achieve a common goal between the different organizations involved.

The literature on collaboration places value on strategic alliances as contractual agreements with long-term strategic considerations. Such agreements encourage collaboration between companies to gain access to the capabilities of other organizations and to support the intensive exploitation of existing capabilities within each company. Strategic alliances involve complex contractual arrangements, often related to technology exchange or joint development agreements (Alcade, 2014).

Collaboration and strategic alliances have taken on a leading role in the last decade, driven by the emergence of the theoretical framework of Open Innovation. The concept of Open Innovation is credited to Henry Chesbrough (2003), who defended and demonstrated that collaboration allows

companies to achieve higher rates of innovation and develop products more efficiently. He also stressed the need to foster a capacity for collaboration between companies and other actors, allowing ideas to flow across organizational boundaries (Chesbrough, 2003). Collaboration should not be considered a one-off strategy, but should be present as the driving force of the business innovation strategy in its different phases: idea generation, prototype development, scaling, implementation and transfer to the market. These exchanges of knowledge should be based on an intense development of agreements generated both inside and outside the company. Throughout this period, different research studies have demonstrated the importance of this paradigm in business competitiveness, and have done so by allowing access to new markets, whether through geographical or product diversification; sharing risks and resources, a factor especially important in the case of small and medium-sized businesses with size and financing limitations; providing agility and flexibility to adapt to market changes and gain time; boosting innovation; and creating synergies with other agents that may be useful in the future for other purposes.

How to classify business alliances?

There are multiple ways of classifying business alliances, whether by the typology

(nature) of the agents involved, their geographical location, the purpose of the collaboration... Here we shall propose a classification of business alliances based on the theoretical framework of the Modes of Innovation (Jensen et al., 2007; Parrilli & Alcalde, 2016). This framework defends the existence of different ways of innovating in companies. Some models follow an STI (Science Technology and Innovation) approach with a high scientific-technological base, characterized by high R&D expenses, strong investments in people with high scientific qualifications, technologies, and advanced infrastructures. This model promotes business alliances with knowledge-producing infrastructures (research centers, universities, scientific organizations, R&D business departments, etc.).

On the other hand, there is the DUI approach that drives business learning by Doing, Using and Interacting. This mode of innovation has a low scientific and technological load, it is nourished by tacit, technical knowledge and internal collaboration through teamwork. Here we promote interactions within the value chain, strategic alliances with customers, suppliers, and/or competitors.

There are advantages and disadvantages to both modes of collaboration. In general, according to Figure 1, we can state that strategic alliances of the STI type are committed

FIGURE 1. Typologies of business alliances.

	STI Collaboration	DUI Collaboration
Advantages	<ul style="list-style-type: none"> • Access to disruptive sources of innovation • Generic knowledge • l/t Innovation 	<ul style="list-style-type: none"> • Familiar knowledge • Reduce uncertainty of market • Price-performance balance
Disadvantages	<ul style="list-style-type: none"> • l/t amortization • Risk of not being absorbed • Lack of experience 	<ul style="list-style-type: none"> • Lock-in risk • Dissuades radical innovation • s/t Innovation

to exploring new opportunities, acquiring disruptive knowledge and the sustainability of results in the long term. However, it is true that exploration involves risks related to the difficulty of amortization of investments in the short term, and the ability to absorb a type of knowledge that is not familiar to the company. On the other hand, DUI type alliances promote a strategy of exploitation of current capabilities, family knowledge and business strengths in the short term, adapting the company to the requirements of the value chain. However, an excessive focus on exploitation can be counterproductive in thinking about the long-term performance and economic sustainability of the organization.

The key is to build an ambidextrous strategy (March, 1991; Alcalde-Heras et al., 2018) capable of combining the development of business alliances of an exploratory nature (linked to the STI innovation mode), and others of an exploitative profile (close to the DUI mode). As different studies affirm, organizations that develop

an ambidextrous equilibrium are capable of achieving business performance superior to those that only bet on exploratory or exploitative business alliances (Fitjar & Rodríguez-Pose, 2013; Parrilli & Alcalde, 2018).

How to build business alliances effectively?

Building effective strategic alliances requires organizations to work internally on a number of levels. Firstly, it is essential that companies improve their absorption capacity in order to facilitate the integration of new knowledge from outside. Another important factor is the detection and suppression of the “Not Invented Here” syndrome that undervalues any idea or technology that has not been generated from within the company. In addition, it is a priority that organizations reinforce a culture of openness, favoring positive behaviors to establish new habits of connection with the outside, which generalize the use of communication and information technologies and that exploit already existing experience and

strengths. All the above factors must serve to promote a dynamic organizational model, based on continuous adaptation, which is able to identify and implement business alliances and thus contribute to the sustainable competitiveness of the company.

Evolving towards this dynamic organizational model that drives the development of strategic alliances requires companies to go through different stages (Chiaroni et al., 2011). At first organizations suffer a process of “unfreezing” by which they are aware of the need to open to the outside and develop strategic partnerships that strengthen the competitiveness of the company. This stage should not be an isolated process of management and the different people who make up the company should be aware of it. The second stage is called “movement” and has to do with the implementation of change: companies begin to develop experimental collaborations with other agents and try out different processes and behavior patterns. Finally, we find the stage of “institutionalization” in which the consolidation of the results and improvements obtained take place, and the strategic alliances become a key element of the business innovation plan.

This evolution is not an easy process and it is necessary for companies to work on four fundamental elements in the different stages. These elements are: the construction

of networks, the organizational structure, the implementation of an evaluation process and a knowledge management system.

Firstly, it is important for companies to pay special attention to the development of inter-organizational contacts and relationships, both in the early stages of contact and during the development and implementation of the agreement, in order to facilitate adequate absorption of external knowledge. Companies must also adopt an organizational structure that is capable of integrating and managing internal and external knowledge that promotes internal collaboration, the participation of different people (each person is a potential source of innovation), and a fair incentive system that promotes their motivation. The third element refers to the establishment of an evaluation process that allows the company to face high levels of uncertainty, and evaluate projects and opportunities for the development of strategic alliances. An evaluation system will allow the company to learn more quickly and will facilitate the transition to an innovation strategy that encourages the adoption of strategic agreements. The last element refers to the development of knowledge management systems capable of disseminating, sharing and transferring knowledge from within the company to the outside, as well as within the company itself. For this to work properly, the promotion and

dissemination of information and communication technologies and a clear framework of intellectual property rights are essential.

Where and how should strategic alliances be oriented?

There is no universal recipe for generating and promoting successful strategic alliances. Often these agreements fail due to a lack of trust between the parties, the struggle for individual interests, personal egos, a mismatch in the fulfillment of expectations... However, it is important to mention a series of factors that, although they do not guarantee the success of these types of collaboration, act as necessary conditions for their proper development. These key factors are as follows:

- Well-defined common purpose. First of all, it is crucial that the participants clearly define the objective pursued with the strategic alliance. This objective must be defined in a joint and participative way, and it will allow the alignment of expectations between the different participating agents. Many strategic alliances fail because of the frustration of collaborators when their expectations are not met due to a vague definition of the objective.
- Identify objectives and guide the alliance towards market-focused projects.

This will enable concrete results to be attained and thus a transformative impact to be achieved.

- Identify and clarify the role of each agent in the strategic alliance. Define the contributions of each participant, specify the commitment and their responsibility in the process (in financial terms, freeing personnel, favoring access to knowledge, providing information...).
- Lead the dialogue through the people who firmly believe in the purpose of the strategic alliance, are empathic and exercise clear leadership in their company.
- Incorporate the role of a neutral facilitator (consultant, public agent, a third agent...) who in the early stages of the partnership facilitates the process of collaboration and allows the development of trust between stakeholders. Over time, as trust is built among alliance participants, the figure of the facilitator should disappear.
- Consider the strategic alliance as a long-term process, and its continuity as one more result that demonstrates its potential and capacity to generate synergies to exploit future opportunities.
- Promote the company's proximity to knowledge infrastructures (universities, technology centers, R&D laboratories). Often between the business world and the world of knowledge there are

language problems that hinder the development and identification of opportunities that could be very beneficial for both.

- Promote heterogeneous strategic alliances with different agents (clients, competitors, universities, engineering...) that allow the company to learn and enrich itself with diverse knowledge, and thus evolve towards higher competitive stages.

What will the strategic alliances of the future look like?

Territories face a series of challenges that affect the well-being of their society. When facing these challenges, the company can play a leading role if we conceive it as a tool for transforming society, an agent capable of promoting economic development and at the same time generating social value. All of the above would lay the foundations for the construction of a committed territory, in which companies would be perceived as agents that contribute through their activity to the improvement of the welfare state, social cohesion in the territory, environment and/or development of the person...

Strategic alliances could act as a driving force in recovering local identities. Promoting strategic alliances of a local nature

would reinforce the role of the company as a subject of change due to its potential in social transformation and impact. Collaboration within the local value chain, interaction with knowledge infrastructures and feedback with civil society would make it possible to advance towards sustainable socio-economic progress.

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Artwork by Zumeta for Eroski in honor of the delegates of the General Assembly.

Part 3

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3

Foreword

Constan Dacosta

President of Eroski (1996-2010)



Looking at social and consumer evolution in the period of the last fifty years can leave one dazed. The changes are astounding: unusual, colossal, extravagant... If your aim is to look to the future, examining the past is a mirage that easily distracts from noticing the meaning and scope of what is to come. This is why it is of little use to simply be content with the discovery of phenomenal transformations, to describe how much things have changed. It is more worthwhile to concentrate on the nature and direction of that evolution and on the windows of opportunity opening up to the future. Such a future-oriented vision has been chosen as the way to tell Eroski's story in this book and, consequently, it is what guides the considerations in the following chapters.

This third part of our book is about the consumer. In his or her capacity as a decision-maker on consumption or as an addressee thereof. We talk about the consumer in the chapters on Consumer Ethics, Pleasure, Food and Health... and even in the chapter on New Technologies.

Every organization guards in its corporate culture some talismanic words, words loaded with a content of their own, which are genuine. And they are loaded with prestige. "Consumer" enjoys such a reverence in Eroski. And there are others related to it, such as consumerism or consumption. These are words with a high ideological rather than commercial or marketing content. They do not refer to the customer or the person who consumes, but rather to a political category. Indeed, since having read Ludwig Wittgenstein, we see that language creates reality. Eroski has built an original and powerful driving force around the consumer, the consumer partner, consumption, consumerism, consumer value... These are words, these are concepts that have constructed a reality endowed with its own scope and quality. Eroski's own way of thinking and creating, built for us.

In essence, things have always been like this since our beginnings, fifty years ago. Although perhaps more in aspiration and intentionality than in practical responses. We are the same in principles and aspirations, but necessarily our work today is different from those of times past. Fortunately we have adapted, we have gone about adapting ourselves.

Eroski was born at a time of a subsistence economy and today we find ourselves in another of well-being and choice. From basic food we have progressed to nutrition and health through food. New technologies open up a thousand new opportunities and some dilemmas for the consumer. Purchasing power, food and new technologies, to these three shocks, among others, we can attribute a good part of the evolution of the consumer over these years. But especially the one that will occur in the future.

A well-informed consumer with more material resources than in the past can afford to question the ethics of consumption, a moral category absent in times of hardship. The ethical dimension of consumption appears when purchasing power surpasses the stage of necessity and reaches the stage of abundance and choice. When the option of the superfluous is presented.

Consumption acts with the force of a plebiscite. And sovereignty belongs to those who have the last word, that is to say, the consumer. A voice listened to attentively by those in control of the economy. Because today's consumer brings together knowledge, ability and opportunity. And more and more individuals activate that sovereign consciousness every day.

The influence of that sovereignty, however, does not seem to obey the slogans of an ideology. One does not notice a social movement, as in the past, claiming the sovereignty of the consumer or thousands of citizens militating in its defense. There is no consumerist cause. Consumer activism has been in decline here for decades. A better-informed consumer and intense media outreach may explain the inactivity of that movement. Added to this is the use of social networks, which can activate a cyber-activism that forces companies to be accountable. In any case, even if it is in the form of a silent revolution, we are witnessing the strengthening of this exercise of sovereignty.

The current consumer presents the image of an adult consumer. With the ability to choose, because they are well informed. Perhaps they are less critical consumers than in the past, but they are empowered consumers. Perhaps they are less militant than in other times, but they are more self-protected, with resources at their disposal to know, decide and claim. This fits well with the idea Eroski has always pursued — through its news products or its shops —: to leave the decision in the hands of the consumer, to respect their autonomy when it comes to making decisions. To choose and to decide is something that corresponds to each consumer, a freedom that should not be replaced even to improve it. Because, above and beyond what they choose, what must be protected is their ability to choose.

Ethical consumption can be understood as sensible and responsible consumption in the use of one's own and shared resources. We observe how the number of consumers who practice this responsible sensibility grows every day. Even those for whom pleasure and well-being represent the primary motivation for consumption, consumerism and caprice are not mass or permanent orientations, but selective and occasional.

The number of consumers who could be described as tempered hedonists is growing. This is a visible and constantly nourished category. They seek to “live the good life well”, “feel good”, “seek a satisfying life”, “integrate enjoyment into all orders of life”, feel different and have access to personalized offers... And consumption offers a privileged way of achieving all that. But without abandoning their usual economic parameters or incurring damage to the environment. The hedonistic orientation is cumulative and not exclusive. It doesn't want to sacrifice, nor does it sacrifice, other interests. In addition to a good price, respect for nature, the product of one's land, the hedonist can demand — and get — an offer that makes them feel good. In the style of a regular dose that balances their serotonin. For this trend, consumption is definitively in the category of leisure and not of necessity.

And the pleasure of consuming can join the pleasure of buying. Associating food with pleasure has taken time in society and has required certain conquests: advanced food education, reaching a high level of material well-being and breaking the Judeo-Christian taboo of linking pleasure with the negative (or sacrifice with the positive).

Valuing, giving value to, the enjoyment of food is a cultural indicator. Careful preparation and presentation of dishes, delight in the palate, celebrating food in company... are aspects as much or more transcendental for nutrition than the knowledge of the composition of foods or the number of calories they have.

Part of the pleasure of eating is discovery. Perhaps more than ingesting it. Pleasure is tasting more than nutrition and sustenance. For this reason, variety and surprise are part of the conditions of enjoyment. Experimentation and the fusion of new flavors are growing in restaurants and homes.

Hedonistic consumption — even tempered, let alone capricious consumption — receives a severe moral judgment from some social currents that urge correcting the setbacks of a growth-based economy. Slow life, slow food, circular economy/reuse, abandoning the growth of this impatient capitalism and embracing de-growth are some of the names given to this impulse. With a powerful and unquestionable leitmotiv: the planet's unsustainability if we do not reduce present levels and forms of consumption. For these movements the response to the current state of things is not reasonable consumption, but lower consumption. Progress should not be a question of more quantity, but of another quality. Today this is a minority trend, but it follows a flag of logic so indisputable — the sustainability of the planet — that it will put the prevailing hegemonic model in crisis.

At the moment, there are more questions than answers to the problem. And more adherence than plans. There is no authority with power at the forefront of this initiative. But, as at other times and in other orders of life, society will find the way out. As we often see, we do not face dilemmas, but problems; reality is not *dilematic*, but problematic. Problems are solved, not so opinions. And we have always been able to find a way out of problems, something that is shared even by those who are not party to anthropological optimism.

Growing social sensitivity — and hence social pressure — to the serious damage of environmental imbalances and the urgency of repairing them can build the dialectical impulse to find that necessary way out. Consumer pressure on business, by rewarding or censoring their practices, will help to find solutions to redirect human and business action in ways that avoid or resolve these imbalances, especially in the demands on business to exercise responsible governance. Social pressure on these can represent the best incentive for things to be done in a way that avoids the current damage to the environment.

Companies have resources at their disposal to encourage the transition to more respectful practices, including the circular economy, the use of materials and sustainable practices. A company alone may not be able to cope with the colossal task, but if there is a political authority that demands it, there will be a business vanguard willing to try.

In any case, demanding this of businesses is more likely to be successful than demanding it of consumers, because not enough people view sustainability yet as a motive for making a purchasing decision. We have been talking about the distribution of organic products for more than twenty-five years. It is a permanent trend that appears in all the forecasts, but still has not taken off. Surely consumer education and sensitivity have increased, and with them appreciation for organic products, but consumption volume remains low despite the praise it has received for so long.

Educating consumers in environmentally friendly citizen habits is part of the social responsibility of large consumer companies. For reasons of responsibility or interest, companies will do what is necessary for their clients to appreciate this, which is a powerful argument for trusting that things will change. Eroski has stood out in this vocation since its origins and in the future it will continue to be first and innovative in this work.

We are what we eat. Since the German philosopher and anthropologist Ludwig Feuerbach wrote this in 1850, it has been ceaselessly repeated: "If you want to improve the people, instead of speeches against sins give them better food. Man is what he eats". A quote that every day gains a growing and more convinced audience, as if following a slogan. And with a richer and more committed meaning today than when it was written. Certain experts today consider food a discipline within the life sciences, almost as close to medicine as it is to nutrition. Food science adds its knowledge to other sciences (medicine, pharmaceutical industry, genetics, biology...) to help improve the quality of life and living standards of citizens.

This relationship between food and health is enshrined by today's culture. Social and private life, television audience programs, consumer choice in the supermarket, acclaimed reports, unusual university cooking departments, all promote healthy eating. And, we would add, sustainable eating as well. And eating well counts in the proficient citizen test. We attach importance to food both for the pleasure it provides and for its positive (or negative) effects on health. Nowadays, nobody argues with the fact that a good diet can help us live better and longer. Nor with the fact that certain health disorders are intimately related to poor nutrition. Or that the damage caused by some diseases can be alleviated with a proper diet.

Consumers observe this evolution, in which everything is an advantage, with a spirit of discovery. It interests them and there is little to risk. One gains in benefits and quality of life, and at a low cost: little more than changing one's habits. That's why it's an easy bet that this trend will grow in the future. Consumers themselves and the whole process at their service are prepared to take advantage of these benefits. The food industry and distribution will

facilitate the rapid generalization of such guidance. In educating and informing consumers, and presenting an innovative offer that drives this development. Eroski, once again, will have to know how to exercise its responsibility in spreading the word.

Large retailers are able to offer an individualized response to each customer, whether it is a diet or a dress. They know everything necessary to build personalized nutrition. Or a garment adapted to a customer's size and style. They know their customers' tastes and habits and can design the diet that protects their health or offers them gastronomic delights. This is possible thanks to new and sophisticated technologies, initially applied to organize the enormous amount of data that customers leave through their purchases, and which segment in this way typologies of customers, but now have become a tool to know each customer. From the segmentation of customer categories, companies have reached the individual customer. Knowing each customer, among millions of them, is an affordable dream. And every day it costs less to establish an individualized dialogue with them.

For the retailer, personalization is both a necessity and an expression of a mature and intensely competitive market: one created by well-informed consumers and highly capable competitors. Personalizing allows you to get the offer right, refine the commercial strategy and not waste resources on expensive and not very useful generic and mass communications. Efficiency. This is a valuable initiative in times like these, when markets do not grow or grow little. And customization is appreciated by the customer. Being offered individual and direct treatment has almost everything in its favor. A personalized relationship, which is addressed to you and not to a category, is pleasant and well received. They say the sweetest sound is your name. This conquest, propitiated by new technologies, will grow with these technologies because it suits both actors, sellers and customers. And it will become as sophisticated and whimsical as the consumer wants it to be.

As a result, the exploitation of individual data by the distributor will grow and the customer will enjoy an exclusive relationship. And this will provide greater well-being to more people. However, in this new world that is dawning, we must not ignore the concerns that certain customers have about the discretion with which their personal information will be treated. With regard to the custody and use of information, companies must have solid good practices based on impeccable ethics regarding the private area of customers.

In 2019 we find ourselves in a technological reality that in 1969 we would have called science fiction. Fifty years ago you had to wait a week to find out if the photos from your mountain excursion had turned out well. Today, your smartwatch — we used to call it a watch — can inform your doctor directly about your blood pressure, heart rate or how your apnea is going. And soon, if you have to be admitted to the hospital, it won't be necessary for you to drive your car, it will be self-driving and will know how to get to the hospital without your help.

The rise of connectivity and mobile technologies has given consumers an unprecedented degree of decision-making throughout the purchasing cycle. This is because relational technologies have multiplied the ease of buying and the immensity of the offer. My supermarket is all supermarkets and my neighborhood is the entire world. A connected consumer whose expectations and opportunities have no limits, and which can quickly transform into demands. And also, at an affordable cost. The true paradise, for a rational consumer, who can select the best offer, and a gift for a whimsical friend or the collector of experiences. Something unimaginable yesterday. However, the truly disruptive revolution will occur within a few years when the current digital natives take part in consumer decisions with even more sophisticated and powerful applications than today. How does a retailer ensure customer loyalty in such a world?

Science and technology are changing the life of the consumer. Although they'll change the citizen's life even more. In the field of consumption and food, in addition to relational technologies, science applies nutritional genomics or creates laboratory meat, meat from vegetable protein... All this requires unexpected adaptations on the part of the consumer. But these will be less than what one will face as a citizen, who will be transported to another world by a repertoire of new technologies and applications in a few years: Artificial Intelligence, robotics, nanotechnology, personalized medicine, 3D printing, driverless cars, the internet of things, synthetic biology, desalination of water, technologies to combat the ageing of the brain, electronic or synthetic devices in the human body, use of the mobile phone as a PC, non-polluting transportation... are some of the space shuttles (all of them acting at the same time) that will transport the citizen to another world. These are not technological promises, but proven applications that have already entered, or will soon enter, the general exploitation phase.

Science and technology are changing our lives. For the better. But, like other transitions in the history of civilization, this one brings its own unknowns. Not all benefits are free, some require an active and conscious re-learning cost. We are entering a new period (a new era?) that asks for specific ethical answers, not always axiomatic ones. Do new relational technologies empower citizens or subjugate them? Do they enrich or undermine them? Do they make them safer or expose them? Whether overprotected or spied on, won't the citizen be afflicted by insecurity? In any case, won't the motives and the size of the fears grow? Access to immediate solutions, having everything in one click, instantly — "I want it now, I have it now" — won't this implant impatience in our lives, our vitally impatient lives? Won't we miss out living in the present as a result of advancing the future?

Can anything be done to emerge stronger from a future world that seems inevitable?

It would be good to have a user's manual to master technology and not be slaves to it. To be able to maintain superiority over the tool and endure "the humiliating capitulation of being ignorant of the laws that make our mobile phone work". A manual of uses and customs

— which won't exist — to keep sovereignty in our hands. The solution to this defeat? Trust that the user, with reasonable practice and intelligence, can ensure mastery over the gadget (like our great-great-grandparents, who were ignorant of the physical law that made it possible for light to appear in a light bulb through the electric flow, but their grandchildren integrated it naturally).

There are other repercussions of science or technology about which the individual citizen has fewer certainties, even none: genetic engineering or biomedicine, for example. There the discoveries exceed the understanding of the average citizen. But setting ethical limits on the use of these innovations cannot be delayed. Limits about which the scientific community is not in unanimous agreement, which is a matter of additional concern, but which society urges, since they affect the moral certainties of the citizen.

Ignorance of the laws of operation of our modern machines and the moral limits to some practices encourage a current of suspicion against technology, reluctant and diffuse rather than militant. However, it does not seem logical that the use and application of technology merits outright rejection, nor an uncritical embrace. An adult consumer and an alert citizen must know how to take advantage of the unquestionable benefits for their well-being without ending up being the hostages of technology or giving it an unethical use. The knowledge to solve the dilemma, however, does not come pre-installed but rather must be obtained. There are no instructions on how to take advantage of technology without it diminishing our discernment and autonomy, how to remain the sovereign of our own decisions and not become the last appendix of someone else's (most likely a stranger's) decision.

In addition to the adult consumer managing his own emancipation from technology, the organizations that in their mission claim to deal with consumer information, education and empowerment, face a vast and unknown field of work. And it is a task of the first magnitude: because of the difficulty of the endeavor and because of the immense benefits to the consumer such answers will bring.

Not only in the field of science and technology, but also in others such as ethical and responsible consumption, economically sustainable consumption and care of the environment, the consumer faces new questions and without all the answers. These make the difference between facing the future anxiously or with hope. If we aspire to an emancipated consumer, sovereign and in command of their decisions, consumer organizations must help with answers, without supplanting their decision, but promoting their transformative action.

Because of its vocation and history, Eroski must be one of the first to find answers to the new challenges facing consumers, or help discover those answers. This forms part of its nature and tradition. And to do this with innovative invitations, and promoting the active role of the consumer as a transforming agent of society. Changing paradigms requires an active consumer. That's the way it's been up to now and that's the way we intend it to be from now on.

3.1

Free and Responsible Choice

Óscar González

Director of Communications

Alejandro Martínez

Director of Health and Sustainability

*Act in such a way that your principle of action could safely
become a law for everyone.*

Immanuel Kant

Our nature — a cooperative made up of consumer and worker partners — has made us especially aware that the market is made up of people, both in terms of demand and supply. This humanist vision has helped us to understand the market not only as the production, distribution, acquisition and destruction of goods and services under certain conditions of quality and price. From the first conversations among the seven founding cooperatives, a vision has been imposed marked by the principle that the dignity of human beings must be part of the market balance. A balance that must also contemplate the attainment of collective economic, social and environmental goals, characteristic of a civic ethic that demands good decisions for the contemporary common good and for future generations. It has been our vocation to accompany customers by providing them with sufficient and necessary information to shop well, together with an offer of products that are up to date in terms of quality and price, due to our firm commitment to health, well-being and the development of a sustainable society. And fifty years later, this continues to be a highly topical issue.

The consumer, driven by something intrinsic to his condition of being moral, always chooses something that seems good to him. He is master of his own behavior and makes his own decisions by exercising his freedom. The question of freedom of choice is an indispensable element in interpreting the consumerist movement and the ethical question of consumption. A freedom of choice that assumes implicit responsibility for the decision taken.

Thus, the practice of consuming is a matter of individual choice that addresses the hierarchy of consumer values, conscious or unconscious, and appeals to an ethic of responsibility. From the origins of the project, our proposal has been to help citizens “consume well”. Freedom of choice requires not only the ability to decide, but also information on the different options and their consequences, and, in this sense, we assume the co-responsibility of advising consumers on the nature of the products they consume. It is for this purpose that, in parallel with commercial activity, we have developed educational and informational activities over the last fifty years.

In the 1970s and 1980s, Eroski’s consumerist publications were strongly marked by a fundamental discourse on the values that should guide consumption in our society and called on consumers to become aware of their power as a collective in order to favor a specific development model with their euro-vote. Already in those early times, our consumerist publications sought to provide rigorous and practical knowledge to help consumers make good individual decisions, proposing patterns of consumption that could be assumed as convenient habits for the individual, and that at the same time collectively constituted a movement of social transformation. Along with this, commercial communication at that time sought to help

identify ways of consuming that reflected those values.

But consumer desires are voluble and can become frivolous and capricious, the more unconscious the more manipulable. The discussion over whether it was consumers who sought to build their identity through the consumption they practiced or whether it was the development of marketing that offered them the opportunity to aspire to an acquired identity takes us nowhere. What is certain is that the strong development of marketing that accompanied the economic takeoff of those first decades managed to strongly link new aspirational identities to the products. The hyper-development of advertising during the 1970s and 1980s definitely diverted attention away from the complex polyhedral reality of consumption and, by showing only the benefits of the product to an individualized consumer, managed to infer the values of the brand to the person who consumed it.

In a surprisingly short period of time, Spain acquired a social structure comparable to that of its European neighbors. A new urban middle class emerged from rapid economic modernization and demonstrated a growing need to consume. There was an intense migratory movement from the agricultural areas to the industrial north, Madrid and Barcelona. Consuming became a central dynamic of life, largely eclipsing other paths to personal happiness and fulfillment.

RESPONSIBLE FREEDOM

Any act of consumption can be analyzed from a double perspective: freedom and responsibility.

On the one hand, the degree of freedom involved in the consumer's decision (even to the extent of his freedom in deciding to consume, since not consuming is also an option). The consumer can see his freedom curtailed by certain limitations that accompany him as a consumer subject and which he must therefore deal with in all his acts of consumption: economic limitations – you buy what you can pay for –; psychological – you buy on impulse, or when tired, or hurriedly –; knowledge – you do not know what is healthier, or sustainable, or adequate-; and also by limitations inherent in the offer you have access to – you buy what is available. The moment we consider the matter, it becomes clear the consumer's apparent freedom is not total, but that each act of consumption moves within a more or less narrow range of possibilities. Freedom then becomes an unattainable ideal.

On the other hand, we can also assess the degree of responsibility with which that same act of consumption has been undertaken. Again, a cursory reflection reveals to us the uncomfortable truth that consumption and responsibility are realities that we only sometimes pair.

The conciliation of both extremes, freedom and responsibility, implies a balance, often unstable, that defines us as consumers. The imprint left on us by the way we consume (what makes us the way we consume, from the physical to the moral) and the imprint left beyond us by consuming (on our family, on our society, on our planet) depends to a great extent on the position in which we balance freedom and responsibility.

The increase in wages and social benefits of the new welfare state offered greater spending capacity, democratizing consumption and generating new bubbles of superfluous consumption. During these years, the power of advertising as a creator of desire grew but, in reality, the real engine for creating new needs in infinite loops is the human being himself. In fact, advertising appears a constant throughout the history of humanity to connect a proposal of the sender with the ability to dream of the receiver. The controversy between real and created needs invaded all the consumerist debates of these years.

The limits of consumption

Three years after Eroski's birth, in 1972, the Club of Rome described a possible scenario of world collapse around the year 2100 due to the depletion of the planet's resources. It may have been an alarmist ploy, but it did serve as a wake up call to open the debate on the limits of consumption.

In those years, parallel to democratic aspirations and class struggle, new social movements such as feminism, ecologism, solidarity with the Third World, a space for citizen mobilization that brought new perspectives to the consumerist debate and configured a new activism outside of political parties, which by now were immersed in acquiring new competencies for electoral battles. These diverse social movements emerged in a melting pot of associations, foundations or non-profit organizations, the new protagonists of the social economy with which we have always maintained an intense and fruitful relationship.

Between 1983 and 1985, a major drought in Africa caused severe famine and mass deaths among the population of Ethiopia. The images broadcast on television confronted the now opulent society of the masses with the moral questions derived from the asymmetries between high levels of superfluous consumption and the impoverished reality of communities in other areas of the planet that were barely able to meet their basic needs.

In the following years, and as a result of an intense relationship with multiple social economy organizations, we were pioneers in introducing numerous campaigns in stores to raise funds for solidarity purposes and humanitarian emergency aid. We were also the first major distribution company to permanently introduce fair trade certified product ranges.

But, except for specific actions, articulated in campaigns that received wide recognition and popular support, in general, the consumers of this time showed little interest in the global consequences of their consumption, in knowing the production chains, their effect on the raw materials markets, and their impact on the Third World. It was not until several years later, with the emergence of emerging economies in global governance and the difficulties in aligning global objectives in relation to environmental sustainability and the fight against

climate change, that citizens become fully aware of ethical issues and the dubious sustainability of consumption levels practiced in the first world.

The issue of inequalities has always had a global and a local dimension. The term “fourth world” was born in the 1970s but it took several years before it was translated into citizens’ movements seeking solidarity with people in our own society who are excluded from social progress. The first food donation campaign in Spanish distribution for these disadvantaged groups was an initiative of Eroski and the Bizkaia Food Bank in 1996.

Ethics and regulations

During these fifty years, decade after decade, regulatory activity has advanced into new spheres, legislating on environmental questions (minimum size of catchable fish with the first campaign of “*Pezqueñines, no gracias*” — “Little fishies, no thanks” — in 1983, regulation on plastic bags of a single use) or on healthy consumption (General Law of Health in Advertising of 2005, first Taxes on Sugared Drinks...). Over the last two decades, the ethics of consumer responsibility has been progressively conditioned by the development of a growing body of law.

The ambition for social transformation based on the aggregate benefits of an aware and responsible consumption was progressively replaced by normative compliance, perhaps more effective, but which undermined consumer awareness as a force for social transformation. Consumer movements definitively grew weaker and the efforts of different interest groups began to be directed more towards achieving a legislative framework favorable to their interests than towards influencing consumer behavior as a force for social transformation.

Consumer ethics had to take into account this increasingly developed regulatory framework, but it could not be satisfied with it alone and consumerist thought resorted to an “advanced” morality that was more demanding than the regulations, even reaching the point of forming the antechamber for later new regulations. In this new context, Eroski’s consumerist bodies, promoted by the cooperative’s own Governing Council, have always sought to anticipate future regulations by assuming new commitments to consumers, some of which would later be inserted into a legislative development.

On the other hand, the process of globalization was driven since the mid-1980s by new neoliberal policies that developed a new international law that regulated economic activities seeking to favor international trade. At the same time, international bodies issued numerous recommendations and codes of conduct, forming a “soft” body of law that called for self-regulation by the market agents themselves on labor and environmental issues.



European Consumer Meetings in 1982.

As a result, in the 1990s and 2000s there was a strong boost to our Corporate Social Responsibility. The solid precedents developed in previous decades through a consumerist mission were soon updated to the new forms of CSR management. The Eroski Foundation was created in 1997 to promote social awareness and diffusion programs beyond the perimeter of the original cooperative, as an added layer to the editorial work carried out through the magazine *Eroski Consumer*. At the same time, forms of communication were renewed with the launch of the “*Idea Sana*” (“Healthy Idea”) program promoted by Eroski and the Eroski Foundation between 2003 and 2007. In 2004, we were one of 400 global social representatives who met in New York to promote the United Nations Global Compact on Corporate Social Responsibility.

Over time, the consumerist impulse towards the search for an advanced morality that went beyond legal standards became a management model that sought continuous innovation strategies that constituted an axis of differentiation in an increasingly competitive market. The 1990s, 2000s and 2010, to the present day, constitute a period in which different initiatives have taken place in relation to the promotion of a balanced diet and healthy and sustainable lifestyles, which have led to important certifications and recognitions (such as, in 2008, the Naos Prize promoted by the Agencia Española de Consumo, Seguridad Alimentaria y Nutrición (Spanish Agency for Consumption, Food Safety and Nutrition, AECOSAN).

THE BELIEFS THAT BUILD OUR MARKETING

Whoever lacks the necessary conceptual distinctions to deal with the possibilities that form one's horizon of expectations, does not choose freely. Whoever takes advantage of the consumer's lack of information to distort choice for one's own benefit, does not act responsibly. These two beliefs are the basis of Eroski's fifty years of unceasing dedication to consumer education, but also of a very specific way of considering one's own profession as a distributor.

If we analyze the long path of our marketing, we will see that it is structured on these bases. A few brief samples:

- labels, advertisements, brochures... must communicate relevant facts, with clear and complete information. There is no lack of examples: the use of information in four languages, or labeling based on a nutritional traffic light, located on the front of the products, with prominent typography and a simple and eye-catching colour code seeks, first and foremost, to be clear;
- the constant creation of information campaigns (such as advice on purchasing toys, designed with purely pedagogical criteria, which accompanied Christmas campaigns for almost two decades);
- the renunciation of marketing based exclusively on emotion. Impulse buying, typical of an excited consumer, who gives in to the temptations of the here and now, is not a free form of buying, nor is it what a consumer cooperative should advocate. The tension that this entails in the short term (recourse to emotion and impulse selling are a tempting button to push) is resolved, in the long term (and we now view this perspective, fifty years later), in a different, coherent position, and in citizens who are better prepared to act their part as consumers.

Ethics and segmentation

The economic crisis of 1993, with unemployment rates above 24%, led to a sharp contraction in consumption. After the fall of the Berlin Wall and the Gulf War, in a changing world, fear of the future took hold of consumers. After successive currency devaluations that averted having to make drastic changes in the structure of manufacturing and facing disruptive improvements in competitiveness, the Spanish economy returned to a new stage of economic growth from 1996, leveraged by the privatization of public companies and with the construction sector as the main engine for job creation.

During the following decade, the economy grew again above the European average, while household indebtedness increased and the consumer became more individualistic in a search for more gratifying and immediate answers. The ethics of consumption progressively acquired an approach that was closer to the ethics of self-interest.

From this reality of a more hedonistic society, Eroski tackled a strategic reflection and set itself the objective of contributing to achieving greater levels of health and well-being for the greatest number of consumers, a renewed vision of the ethical question of consumption that delved into an ethic of a utilitarian nature. In this decade, we accelerated a



Idea Sana, Fair Trade campaign in Eroski hypermarkets in 2000.

path of progressive transformation in distribution, promoting advanced initiatives to contribute to a healthier and more sustainable lifestyle: nutritional labeling with the traffic light system, elimination of partially hydrogenated vegetable fats in foods and the elimination of parabens and triclosan in cosmetic products... We looked for aspects that constitute a differential quality, relevant to and appreciated by the consumer and we developed them with specific policies in a more significant way than our competitors in a market of growing complexity.

A new society marked by hedonism was structured through a segmentation by affinities or identities, generating aspirations and rights according to the segment that each collective seemed to occupy in the market. This increasing segmentation of the market added a complexity in which all consumers had to be considered valid interlocutors. A new consumer ethic demanded that their interests be taken into account through mechanisms of effective participation. All segments of consumers, no matter how diverse or minority they might seem, were legitimate interlocutors to present their points of view and be taken into account, together

BEING FAIR

How many of us have reflected on the social conditions of those who have sewn the clothes we now wear or the football our children play with, or on the emissions of the car we will be driving today when choosing to buy these things? At Eroski we have always believed that this is not acceptable, and we have worked to raise the standard of demand in all fields that impact the consumer or the environment: food safety, health, environment, society. For this reason, among other things, we were among the first distribution companies to have a Social Responsibility Directorate, and we were founding members of the United Nations Global Compact and its Executive Committee for several years.

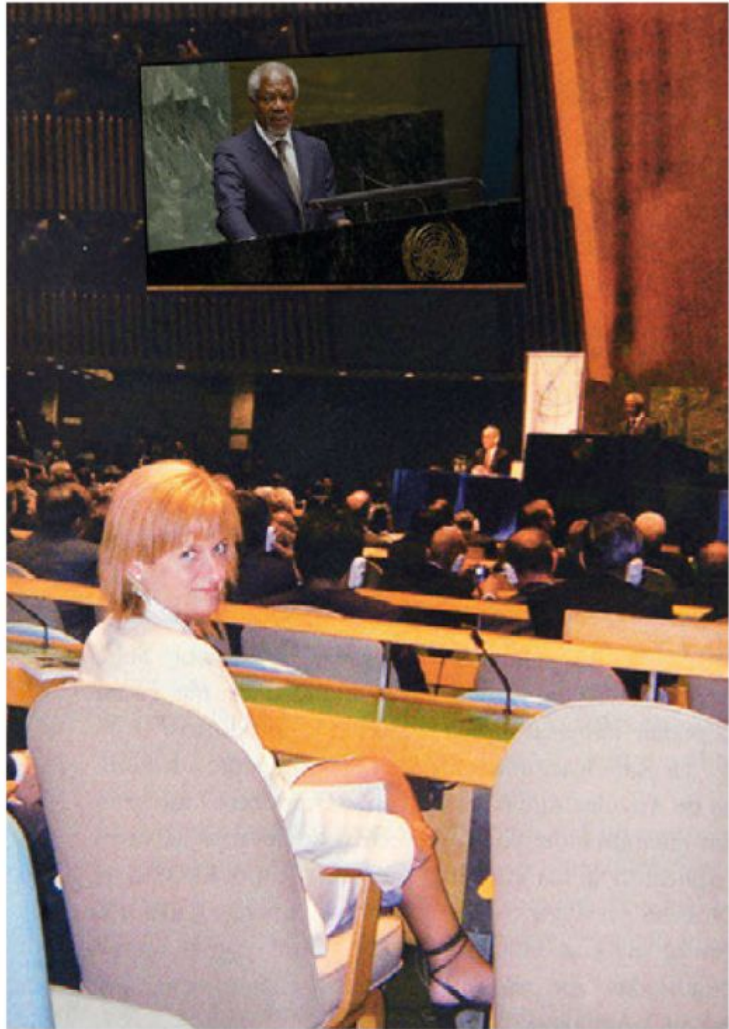
We have historically promoted the knowledge and commercialization of fair trade products. In fact, we are one of the few authorized distributors for the sale of fair trade products with our brands.

Almost two decades ago we earned SA 8000 certification. This is the most demanding standard regarding working conditions in the value chain that any distributor has incorporated in Spain; and it ensures the correct management of the working conditions of both its own workers and those of the staff of the other members of the value chain, including subcontractors and suppliers. The homologation of suppliers integrates the principles of SA 8000 (absence of child labor, absence of forced labor, absence of discrimination on grounds of sex, religion, origin, ideology...), guarantee of safety at work, respect for workers' freedom of association, control of timetables and control of remuneration, among other factors. The surveillance process involves constant certified auditing with independent third parties from suppliers and contractors. The existence of an Ethics Committee, reporting directly to Eroski's Chairmanship, and the corresponding Ethics Management Manual complete the system.

with the rest of the agents that made up the market. As a consumer cooperative, we felt called upon to listen in order to decide and define our commercial policies related to the promotion of healthier and more sustainable food.

In this process of progressive fragmentation of consumption in the 1990s and 2000s, we developed a new approach inspired by the ethics of dialogue. Based on our identity as a cooperative of consumers and workers, we assumed that a policy related to the ethics of consumption could only be legitimized through a dialogue with all agents and parties involved. As a result, we opened up new channels of consumer participation to guide the definition of trade policies. Beyond the formal participation of consumer members in the corporate governance bodies of the parent cooperative of the Eroski Group, and as an alternative to the logic of market research that sought to intuit the future decisions of consumers with the sole aim of maximizing profit or minimizing risks, the Consumer Focus that began in 2003 entailed the opening of new channels of dialogue with consumers in a market that was rapidly moving towards hyper-segmentation.

Therefore, the question of the ethics of consumption in society in transition to the 21st century was based on a rational ethics of a utilitarian character that



Eroski at the UN during the presentation of the Global Pact in 2004.

sought higher levels of health and well-being for the greatest number of people, combined with a dialogical ethics that sought inter-subjective consensus among the different agents involved. With this in-depth reflection, we launched the slogan “*Contigo*” (“With you”) in 2007, which is still in use.

This brings us to the digital age, in which the right to privacy takes on a radically different dimension in the ethics of consumption. Data management technology is the property of the sellers while the buyers are mere users who pay with their own data for the free use of these tools. In this context, beyond the General Data Protection Regulation of 2018, whose legal requirements have been met since the launch of Eroski club four years earlier, the internal dynamics established during the two preceding decades in the search for an advanced

morality, made us address in advance an internal reflection that has provided us with ethical criteria given the speed of new technological possibilities in data management.

With the digital revolution, 21st century consumerism no longer acts according to an axiological ethic, but according to an individual functional reality. No collective goals are set, but each individual chooses his or her own individual values (health, environmental sustainability, social justice...) that inspire a responsible type of consumption. New information technologies make it possible to speed up market mechanisms, respecting and coordinating all the different individual options, synergizing individual and collective benefits as never before. New possibilities that appeal to a deep human aspiration by which a person does not so much want to belong to a collective as to emphasize his own individuality.

In this new social context, in 2018 we renewed Eroski's commitments to health and sustainability. These are ten commitments that declare the advances to which Eroski is committed over the coming years in both areas: the primary value is the health of the individual and the sustainability of society. People are happy, healthy or fulfilled. Collectives are sustainable. These ten commitments to consumers establish a new advanced moral framework as an element of differentiation in the market. The challenge we face is to reach out with this message to audiences living in the age of information overload, in which, paradoxically, Internet searches and personalization systems do for us the task of selecting the information we should read, or that we are most interested in, according to our profile and historical behavior, which may even limit the opinion we construct around any subject and, therefore, the ability to make free and informed decisions. If we manage to be relevant for the consumer, focusing the messages of value toward the benefit of each one, toward what really affects and matters most to each one, that is, their quality of life, we will be able to connect with the thoughts and emotions of the thousands of customers who visit us every day and contribute to making them feel responsible consumption as a conscious pleasure.

In the 21st century, consumers lack cohesion (if they ever had it) and their only goal as a collective is for their rights to be respected. They do not form a class, but rather in function of a wide variety of flexible and intermixed lifestyles, some people temporarily group together in a poorly cohesive way and with diverse interests. On the other hand, their private interest mobilizes them and without structured cohesion, in the new information society they are able to mobilize individually until they can quickly reach a volume as economic citizens that can radically reconfigure the supply side of the market in record time.

At a time like the present, when the boundaries of rigor are blurred between opinions, information, data, interests and advertising, and when we are faced with challenges — such as environmental ones — that demand individual ethical behavior on a collective

level, choosing after understanding is still a great challenge for responsible consumption. Today, fifty years later, the debate continues over whether freedom of choice requires not only the ability to decide, but also rigorous information on the various options and their consequences.

In these five decades of life we have learned that business management based on ethics needs a different understanding of time, it needs to project itself into the future with a knowledge of who we are, what we were and what we want to be. Ethical management requires teams that feel responsible for a transcendental mission and, at the same time, requires a final concretion inserted in the earnings report. We have an organizational model capable of doing this because we understand that economic profit is a means, not the end of the consumer cooperative. In short, this is a question of conviction: that of those of us who care about and want to provide society with a better quality of life.

EROSKI'S TEN COMMITMENTS

When we were founded we responded to specific socio-economic needs that have changed over the last fifty years. And we have changed with them, in permanent adaptation to what society demands.

Our current ten commitments to health and sustainability are that response and not just for now: since our beginnings and for the future, we have been making progress in what really matters to the consumer. That's the way we are. From the outset, we have believed that the store is the place from which we can promote good food and more responsible consumption.

1. Ensure food safety.
2. Promote a balanced diet.
3. Prevent childhood obesity.
4. Meet specific nutritional needs.
5. Encourage responsible consumption.
6. Offer more local products.
7. Facilitate eating well at a good price.
8. Act clearly and transparently.
9. Take care of ourselves as workers.
10. Promote a healthier lifestyle.

Consuming Differently, Shopping Better

Jesús Soria

Journalist specializing in consumer affairs, director of the “Ser Consumidor” program

Looking through the rear-view mirror allows us to see much better what’s ahead... Seeing our situation twenty, thirty, fifty years ago provides a more accurate assessment of what we have and enjoy right now. For example, compare today’s life with what life was like not so long ago without mobiles, without microwave ovens, without so many clothes, without so much mobility, without precooked meals, without credit cards, without Internet... We have gone from butane kitchens to induction kitchens, from the Seat 600 to the electric car and soon the autonomous vehicle, from the tourist menu to the menus delivered to your home within a few minutes, from the home-cooked meal to the fridge full of ultra-processed food, from the corner shop to being able to shop at night from home. From the cowardly consumer, without rights, to a consumer with many mechanisms at his disposal — though still not enough — responsible, demanding and vindicated, capable of appearing in court to claim a few euros from a large company.

From a consumer who thought that the act of shopping was simple,

inconsequential, routine, to quite the opposite: increasingly aware of its weight. We have always believed that on the other side of shopping, behind the shelves, fruit, clothes or mobile phones there was nothing else. We were wrong. We are more and more aware that our decisions are important: it is not the same to buy one food or another, one garment and not another, certain household appliances, a car, even to contract with one electricity company or another... These decisions have consequences on the environment, on the survival of certain groups of workers, on their mistreatment or not, on the viability of sustainable agriculture for small farmers and livestock farmers, even on the survival of certain mafias or child exploitation... For this reason many no longer buy without concern, without reflection, only on the basis of price or personal tastes.... They look at what’s behind it. Before, we didn’t have so much to choose from, no peaches outside of summer, no three-euro t-shirts, no low-consumption cars, no efficient refrigerators or counterfeit colognes and sneakers produced through human exploitation, or

even shoes or textiles made by children. Now we have more information and can decide more responsibly.

That doesn't mean it's a general practice or that they make it easy for us. For example, 64% of consumers do not know how to read food labels correctly: labels are still confusing, scarce, misleading, if not directly lacking sufficient data for a critical purchase. It's no coincidence. But things are being corrected, because more and more movements are propitiating it. For example, more and more people are turning away from the low-cost life to which we are being dragged, which dazzles and which many caress because we have been inculcated in the fashion of "use and throw away". And it's even forcing many industries to change old and shameful production methods. In addition, they know that many consumers want to shop ethically, responsibly and sustainably every day. Indeed, many people have already decided to do away with plastics in their homes and banish single-use bags, regardless of what the governments in office establish; they opt for "responsible" cottons knowing that producing a simple conventional cotton t-shirt requires 2,700 liters of water and that only 2% is manufactured according to responsible criteria; or they keep their mobile phones, computers and televisions as long as possible because they are aware

of the tons and tons of technological waste we generate and that goes to uncontrolled garbage dumps in disadvantaged countries, whose pollution ends up in the vital organs of the Africans who work there, such as cobalt, arsenic, nickel... Or they don't want to know anything about food from thousands of miles away, or unsustainable and off-season fishing, or clothes as cheap as they are stained by exploitation, or fake colognes or sneakers produced by mafias... More clothes from recycling, more second-hand clothes, more seasonal products, more local products. More life, in short, to the local productive fabric. More proximity, more freshness, more quality.

It is also true that many companies are increasingly involved in this change of good practices, with sustainability, but it is no less true that some continue to sell their CSR (Corporate Social Responsibility) as yet one more piece of marketing: such as those who for decades have used the terms "eco", "healthy", or "without..." purely in a commercial way.

They are the ones who today, but above all tomorrow, will increasingly come up against consumer movements, NGOs, environmental associations, even legislators who are leading them to important changes: toward the manufacture of textiles in conditions of non-exploitation in many countries, the strengthening of fair trade,

the elimination of technological dumps, the eradication of programmed obsolescence... We are fighting against the serious consequences of globalization, because we must not forget that large clothing chains have led us to a market of cheap products that has other dangerous connotations: low quality clothes, at very good prices, that “invite” the consumer to buy compulsively. We are immersed in a dangerous tendency of fashions that change within a short period, enhanced by that “dishonest” and overblown phenomenon in the “dangerous” social networks of many “influencers”, in charge of repeatedly reminding us — that’s how they make their livelihood — that what we bought two weeks ago is already old... They are not precisely the ones who think about the wastefulness of the textile industry, which is the industry that wastes the most water... What they do know, however, is that cheap prices are all but irresistible.

A profile exists of consumers who are increasingly aware that responsible consumption means not only consuming different things, but also buying better. To recycle containers, plastics, glass and many other everyday objects is to give a respite to biodiversity, the environment, the planet and, also, to act against obsolete and dangerous uncontrolled dumps. Something as simple as taking six cans to the yellow

container is the equivalent of “preventing” a car from spending ten minutes expelling smoke through its exhaust pipe. We must take the side of the so-called “circular economy”; we need to eradicate from our lives that “bargain” that for some is to buy, use and throw away, and instead ensure that products last as long as possible, that they have more than one life. In short, we must not allow ourselves to be dragged along by trends, by the aims of those who live off our lack of control, whose business is precisely consumerism.

And for this it is very important to be aware of the great power we have. For example, it has recently become the trend, for unexplained and confusing reasons, to over-package fruits and vegetables with plastic. Plastic is even used to wrap pieces of peeled fruit to be opened and eaten. The solution is as simple as not buying this...

But it’s not simple, many interests are at stake. There are even those who think that buying less, otherwise being more demanding, is not the result of change: it is the result of the crisis. And that this will end. I don’t think so. There’s no turning back. Many consumers have discovered the path of absurd waste, they shop using their head, with practical criteria but also with social responsibility. We have never before had the IT tools we have today and they let us lower our shopping bills, as well

as other purchases, make comparisons, be more informed, even know the carbon footprint of our purchases. Life is leading us and will lead us along a much more austere path but without ceasing to make the most of everything, in food, technology, in the way we dress, travel, in the consumption of all kinds of goods and services. We are fully aware that almost everything is being imposed on us: the colors of clothes, the width of trousers, the thinness of televisions, mobile phones loaded with things we don't use... All so we buy more things. But, in contrast, against those fighting the most savage consumerism: others who buy thousands and thousands of giant televisions to watch a football world cup; who continually change mobile phones; who every two or three years buy a new car seduced by tempting offers. And we know that footwear is no longer repaired; when a small appliance breaks down, it is cheaper to buy a new one than to repair it; furniture is for using and waiting for the next change in trends; clothes last just a few washes and that is why 60% more clothes are being made than just 15 years ago; food waste figures are unprecedented... Do we have a planet big enough for so much barbarity? As Miguel Delibes said: "the man of today uses and abuses Nature as if he were to be the last tenant of this unfortunate planet, as if after him there was no future".

There are many who think that at the current rate of consumption we will need three planets within not so many decades. That we cannot support this pace of buying clothes, household appliances, containers, cans, bottles.... That is why we are on the road to the circular economy, to the afterlife of things, and that is why it is unsustainable for mobile phones to last eighteen months, for half a million mobile phones in the world to be discarded every day, for only a tiny fraction of electronic equipment to be recycled, or for 80% of the carbon footprint of electronic products to be generated at the manufacturing stage. These are "alarms" that must lead us to another way of thinking, of shopping, and also to the famous three "R's": reduce, recycle and reuse. An example can be found in the United States, where more than half of the states force official schools to buy reconditioned products... That's why the collaborative economy is growing stronger every day: does it make sense to use a car every day for just a few minutes and fifteen days in the summer, or for a weekend trip?

But let's not upbraid each other. Many studies now show that we consumers are becoming more and more aware of our "sins". That we must abandon the path traced for us by industries, companies, even the high spheres of politics, all of which are more concerned about complacency

with the big economic powers, the most powerful lobbies... And above all, that we consumers have the great power to change things: we can make some things succeed and others fail.

That is why I dare to glimpse that there will be a quite radical change towards much more critical, supportive and demanding consumers. A more responsible consumer, who thinks about the importance of his or her decisions regarding sustainability, will buy, for example, locally grown products, while the very expensive — in price and pollution — snobbery of eating cherries out of season will be a thing of the past. We will buy a lot of things in bulk again, which will avoid a lot of wastage of all kinds of products in the wardrobe or the fridge. The ultra-processed foods that are so closely related to our current rates of obesity and overweight, which affect 2 billion adults worldwide, will be much more residual. Physical stores are going to give way to much smaller “supermarkets”, in which a smaller face-to-face section will probably coexist with a type of store in which users will collect what they have previously bought and paid for over the Internet, a type of operation that will be very common. Many purchases will be made directly from one’s mobile phone, with “assistants” in the new stores who will guide us and clarify doubts about certain products: and, within

hours, back home. We will have household appliances that will know what our favorite products are, they will warn us about what is missing, about what we need, about offers... and they will even shop for us!

Fish will have colored labels that will allow the consumer to make an aware choice: whether the fish is from sustainable fishing grounds, whether it comes from over-exploited fishing zones... We will soon see the arrival of foods made in 3D printing to cover the personal needs of each individual according to our genetics, many coming from marine algae; nutrigenomics and nutrigenetics marked by the macrobiotics of each person will be the norm; “active foods” will appear that will play the role of certain substances that “reward” our brain, currently found in unhealthy foods. Will we see capsules on the plate instead of salads, meat or fish? Not so much, but there will be capsules designed for each person, which will complement the personal needs of each individual; just as there will be cosmetics adapted to the characteristics of each person’s skin; plastics will be biodegradable and we will buy cotton garments, but only if it is certified as organic. And other products, such as glasses, jackets or trousers, will be made from recycling fishing nets, plastic bottles or caps; all resources will be maximized. We will opt for shoes and other utensils that degrade in a matter of weeks;

the labeling of many products will be much more transparent and will emphasize criteria of ecological footprint, production without damage to the environment, durability...; the reuse of second-hand clothes will be an important part of the market; we will stop viewing “ugly” food in a negative way, intelligent packaging will help us to optimize the life of food; the main criterion for buying a car will be the degree to which it pollutes, energy consumption will replace what is now the safety “extra”; household appliances will be sold according to criteria such as energy consumption, durability, and the extent to which the appliance can be repaired, which will all be perfectly reflected on the label; labels generally will let us know if the materials used in the manufacture of certain technologies are sourced outside conflict zones or not, if working conditions are decent, i.e., we will support brands distinguished for making more sustainable products; programmed

obsolescence will be severely punished in the Penal Code; even the production of certain goods, such as toilet paper, must be transparent and avoid the exploitation of critical areas of large forests in northern Europe, in Sweden, Finland or Russia, where millions of trees are now cut down in protected forests, that is to say, we will turn something ephemeral into something vital for the environment; clean energies — in many cases for self-consumption — will be the norm in homes, with mechanisms to control our energy expenditure and we will leave behind all those decades in which we wasted up to 7 billion euros a year through having contracted excessive energy; domotics will be present in many houses, it will facilitate online shopping and will effectively manage our spending on both electricity and water, and “efficiency” will even become the main sales criterion for electricity companies. All this is what’s coming... or not!

3.2

I, Pleasure, Now

Ana Cuevas

Director of the Commercial Mix

Amable Galache

Director of Innovation (2015-2018)

Ainhoa Oyarbide

Director of Brand Marketing

Consequently, he who follows pleasure remains virtuous, and also those whom you call lovers of pleasure are lovers of the good and lovers of justice, and cultivate and maintain all virtues.

Cassius to Cicero, January of the year 45 before the Common Era

Pleasure and hedonism as a contemporary consumer trend appear in virtually all social and marketing research. Beyond the etymology of the word, which always helps to contextualize a reflection, let's think of a particular system that brings us closer to the set of levers or triggers behind consumers' purchasing decisions. Especially when these are based on the pleasure obtained.

Pleasure, from the Latin *placeō, placere* ('to like').

Hedonism, from the Greek, formed by *hedone* meaning 'pleasure' and the suffix -ism expressing 'doctrine'. The Greek etymology is much more revealing in that it allows us to understand hedonism as a philosophical doctrine that places pleasure as the supreme good of life. Let's look at this suffix because it leads us to approach the reflection from a practical level, forcing us to look for that "guide" or "system" that helps us to understand and activate the purchasing decisions of today's consumer so that the relationship with our customers is superior to others, and is preferred by them.

These days, it is difficult to find a study or research concerning new consumer trends that does not speak of the naturalness-practicality-pleasure trinomial. In many studies, naturalness is divided into the search for products, habits, services and experiences that help us take care of ourselves physically and mentally, and the commitment to improve our environment. It can really be treated as two interests: concern for health and concern for sustainability.

Practicality is understood as consumers' need to make things easier. For many people, today's way of life involves a difficult and stressful routine. Distribution identifies with those who feel that life demands too much of us. This is the world of solutions, technology, user communities, ready-to-go products, single-use products, "I'll deliver it for you", one-click, price comparators, and so on.

And the third vertex, pleasure, which perhaps is a vertex or perhaps involves the rest of the elements... Because if we don't like them, we won't use natural things other than at moments of true awareness of their benefit (like a flu pill) and if they don't satisfy us, practicalities will rarely be a real solution (like microwave cannelloni with an unpleasant taste).

Later we will return to this idea of hedonistic enveloping, but for the moment we will submerge ourselves solely in the pleasure trend and all its aspects. How can we classify or apprehend what consumers are looking for to satisfy their needs and desires?

- We feel pleasure when we take care of ourselves and others.
- We feel pleasure when we give ourselves a whim, something that for us is out of the ordinary, that we rarely enjoy: desire, luxury, gourmet products or the ones that give us prestige when obtaining them.

- We feel pleasure when what we experience with products or services brings us closer to indulgence. I deserve this small transgression, it's alright... or indeed, for some consumers mere transgression and the sensation of risk produces pleasure.
- We feel pleasure when our opinion matters, when we feel that we can influence others to help and give them recommendations. In some cases, there may be other obscure interests. It's about the pleasure of participating.
- We feel pleasure when we feel secure, when we have confidence in others, we like transparency, access to information, honesty. Some of us like to be told these things, while others prefer to look for information.

Pleasure, for example, as a food experience that provides a unique and memorable moment. We want to have fun, we like new experiences, the different and the search for other emotional states (happiness, relaxation, excitement, fear, risk, challenge, overcoming, competition, triumph, success, power ...) are part of the way we consume products, services and relationships. We repeat: products, services and relationships. Because we consume relationships linked in most cases to products and services. We seek to be with others with some common purpose and have fun, participate, share, recommend, let ourselves be influenced and influence others.

New technologies are fostering a participatory culture around food and other consumer products. Through participation, consumers can have a say, learn and influence tastes and demands for new solutions. Co-creation: a consumer is anything but passive. An example of the drive of consumer engagement can be found in collaborative consumption platforms.

Consumers want products, companies and brands that are more open, honest, empathetic, generous and even fun. They are looking for products that they can identify with and that the relationship with the product or brand is based on trust and transparency. They prefer to be with companies that share or are in line with their personal values.

In another order of things, although we talk about consumers, we find before us a vast market with infinite consumers, who are individuals, who enjoy things differently, who give a particular meaning to hedonism (their pleasure) and, moreover, they do this differently depending on the moment or depending on which brand or products they are relating to. They handle infinite expectations and know that we want to reach them and they tell us, demand from us, how.

But there is a maxim that includes them all and it is in this sense that we companies begin to work: all these people do as they please. They buy when they want, what they want, how they want and pay what they want. Unquestionably, they want it now and you must be sure not to offer it to someone else, because they will find out and they want it to feel exclusive.



Fruit section of the Eroski Zarautz hypermarket in 2011.

Segmentations or micro-segmentations are therefore no longer useful. All companies will advance in the personalization or individualization of the offer. Hedonism takes personal forms.

In this stage in which the digital transformation of society, companies and consumers allows us to take new actions, we have the opportunity to reconfigure this abstract subject of hedonism and take it to what is actionable in order to improve customer satisfaction. We now know their desires, those of each individual, because they want to share them so that the new solutions are what they expect. And they are more accessible than ever, they want and can relate to companies with the expectation that we will improve the proposed value. The challenge is to understand what makes them happy and be able to give it to them exclusively.

Now let us go back to the naturalness-practicality-pleasure trinomial. Is pleasure a contemporary trend or is it *the* trend? In other words, is it what gives meaning to the rest? Is it the search for the supreme good that gives meaning to the rest of the trends? Now we can tackle the idea of a hedonistic envelope beyond the triangle of trends.

And far from believing that hedonism is a tendency in which society seeks to satisfy desires in a capricious, random, impatient and perhaps egocentric way — we want what we

want and we want to decide when and how to obtain it (we usually say now and here), and even that we do not want to pay the costs of obtaining it, whether monetary (its price) or access (searching for it on a website) — it turns out that the search for pleasure has always accompanied us and is something natural. In more modern times, dominant religions and philosophical thoughts have denied us this as a society, but as the Epicureans say, pleasure and aversion are faculties that nature has given to human beings. It is thus, through pleasure, that nature guides us to the concrete goods we need, which are good for us. These natural goods are pleasing and pleasure is always good. We like to breathe fresh air next to the sea (90% of the Earth's oxygen comes from the ocean) and we are averse to the smell of garbage (infected with germs from which we must stay away).

So how should we understand the hedonistic envelope?

Today we know that taking care of ourselves brings us a deferred happiness, but we also demand enjoyment at the moment of consumption. Healthy products yes, but which give us enjoyment at the same time. With the five senses, depending on the case, we will activate one or several: good smell, good taste, good image. There are even non-sensory pleasures: recommending experiences, playing with friends, displaying the image of prestige we want, and so on. Those of us who dedicate ourselves to mass consumption know that today we do not satisfy needs, in 2018 we play in the field of desires. The development of a product, a brand, a service is not finished until we have identified what type of pleasure it is going to be for the user, so that they buy it or enjoy it, so that they recommend it, give us their evaluation, so that they reward us with their fidelity, so that they want to influence us (and we let ourselves be so).

And the same is true for sustainability and concern for our environment, only if we find them pleasurable will we incorporate new habits of responsible consumption. What pleasure or pleasures am I activating for this consumer to adopt sustainable habits and consume responsibly with the planet? Why will they do this? It can be uncomfortable, it can cause them aversion, it is necessary to activate their hedonistic side. Perhaps they can visualize their commitment in their community, physical or virtual, perhaps we can help them meet their need to relate to others in a context that interests them.

At this point, we return to the Greek suffix *-ism*. Because after this reflection there is a process or a simple key that can help us to activate the consumer in their hedonistic base.

Let's give them the tools and let consumers themselves choose how they want to enjoy the goods and services they consume and how they relate to other users, the company and brands... Perhaps in this new era, they do not need as much protection as we thought in previous eras... Perhaps this is the consumer's moment, in a context of satisfaction of needs and desires, with pleasure and subject to the hedonistic calculation of Epicurus.



Advice on make-up at the Eroski Urbil hypermarket in 2015.

Pleasure in future consumption

The driving force behind the evolution of consumption will not be to alleviate basic deprivations, which will simply be covered for the majority. It will be a question of how it contributes to the satisfaction of higher motivational levels (here we appropriate Maslow: the satisfaction of those needs for self-realization and creativity; one can live without them, but one does not live to the full). It is a matter of the pleasure of consumption achieved from a state of fullness, from the virtue of doing; that which crowns the vertex in the pyramid of needs.

Consumption will be increasingly responsible. The search for pleasure as the only aim ultimately leads to maladaptive behaviors, addictions, displeasure. And this is equally true in consumption. Addiction to consumption, consumerism as an inflammation of the fact of consuming, is something we are more aware of today. The informed consumer, aware of the effects consumption has on ourselves, and on those around us (even on a planetary scale), will provide us with a growing consciousness to operate knowledgeably. This is a pleasure that should be placed at the top of the pyramid: to know how to act in an ethical and responsible manner. We have much to contribute to this because Eroski's contribution, past and future, to consumer education and information is undeniable.

Consumption will be sustainable, or it won't exist. There is a lot of mature pleasure in respecting our environment, our world, in knowing how to build a possible future by consuming differently. Our contribution is to boost local consumption, support nearby production, the zero kilometer and the development of technologies capable of reducing our footprint.

Consumption will unquestionably be healthier. Healthy lifestyle, regular exercise, food understood not simply as nourishment but as making oneself healthier, are elements of weight that are growing in our society and that speak to us of self-recognition, of caring for ourselves, of giving ourselves the possibility of a fuller life. And in this we have always stood out and we will continue to do so, because it is an inalienable and public aspiration, visible for example in our Commitments to Health, in the permanent improvement of products, in the promotion of the consumption of the base of the nutritional pyramid for a balanced diet, in the educational programs for schoolchildren. Developments linked to new technologies will deepen our personal knowledge to trigger healthier actions.

Consumption will be immediate. Reward is a key element in establishing a behavior and the immediacy of the reward reinforces that behavior. The delay in reward is decreasing all the time and the elements the retailer offers to achieve this are changing the map of the profession. Goods and services can be accessed anytime, anywhere through the virtual store, and service models have greatly shortened the response period.

Consumption will have an important component of indulgence, of enjoyment, without entering into flagrant contradiction with responsible, sustainable or healthy consumption because these concepts are not at odds with what is pleasurable. It will be a pleasure to provoke beautiful, calm, joyful, satisfying emotions and experiences of discovery and, in short, to contribute to building full and constantly evolving lives. There will be a greater humanization of the product and services to accompany them with taste, smell, context, light and color (either in a physical or virtual environment). And this will also be accompanied by indulgence, by allowing oneself to satisfy a whim.

Because consumption will be more responsible, more sustainable, healthier, but it will not be for ascetics. The development of models of physical and virtual stores, such as the *Contigo* ("With you") model, will increasingly address the sensory, the emotional, to make the act of purchasing a little less about stocking up (which it will also be) and a little more about enjoying the moment.

Consumption will be personal, personal, and much more personal. Because consuming is a behavior by which you express yourself in your choices, and again we find ourselves at the top of the pyramid. You express yourself with your actions, including these. A person's consumption, that of a collective, of a society, projects an ideology, a lifestyle, a sign to its surroundings.

It's part of you and your system of beliefs and interests. And this distances us from coffee for everyone and brings us closer to an adaptation to each person. Personalization will be a key vector in all areas of commercial activity, and technological capabilities will make it possible to know the individual (as far as he wants to be and not a millimeter more, is what would be appropriate to responsible consumption) and to offer him in an individualized manner what is closest to his detected needs. I treat you differently because you are different. What will have to be managed is for this not to be a depersonalized personalization (dehumanized and mechanized), and in the era of robotics and Artificial Intelligence, which will make indisputable contributions, the relationship, the human face on the other side, will be an appreciated element.

THE PLEASURE OF EATING

The renowned French gourmet Brillat-Savarin wrote in his book *The Physiology of Taste*: "The pleasure of eating lasts a lifetime, from birth to death, after other pleasures are no longer available to us." Although his words are accurate – pleasure in food is universal and timeless – if we were to function solely on the basis of that idea, we would be carried away by what we like and buy and eat without measure or reason. And that in no way corresponds to our idea of pleasure. What does, on the other hand, are gastronomic experiences such as tasting an exotic food or appreciating a product with a special origin or a very valuable traditional production process. In addition to eating well, this is culture and knowledge, and generates almost certainly well-being in the person through intense emotions such as surprise, delight, awe, and even admiration.

In any case, as they said in Ancient Greece, it is a question of seeking balance, the middle point, because that is where its virtue is found. Gastronomy, cuisine valued with certain nuances, is in fashion and that is, without a doubt, good news.

The pleasure of eating requires a certain maturity. It must be managed properly, especially since in terms of health there are many risks associated with an inadequate diet. Overweight, obesity (with special incidence in the infantile public) and cholesterol are some examples.

In this sense, our role is real and different from that of other distribution companies, because we not only put products on the market at the consumer's disposal, but we also promote a wide range of actions such as those aimed at promoting the consumption of the most suitable foods for a balanced diet, the commitment to fresh and local products in our Contigo store model or the development of products from nutritionally improved own brands, from which the most harmful ingredients are eliminated. And since 2007, Eroski products have been clearly and transparently color-coded to show the amount per serving of the five nutrients whose excessive consumption can be harmful to health: calories, fat, saturated fat, sugars and salt. This is the well-known nutritional traffic light.

The list of actions towards responsible consumption is long and we cannot overlook the management of personalized information through the EROSKI Club, to recommend and promote healthier habits according to the member's purchase profile, with incentives to buy the appropriate products in each case or the use of traditional and digital media to make it easier for the consumer to read and consume these contents when and where they consider best.

The Feast Is Made for Pleasure

Elena Arzak

Chef

Thanks to the powerful Eroski Group, a Basque cooperative distribution company based in Elorrio and founded in 1969, I take a glance at this collective work, by very diverse people, to contribute with my small contribution to this happy anniversary. I am going to gladly talk about the pleasure of food in its various facets and also at a time when both Eroski and I have reached an enviable age, our fifties.

The title of this text, “The Feast Is Made for Pleasure” is not only highly expressive, but is also ancestral, as it is a biblical quote. Something that the great Uruguayan writer María del Carmen Soler summed up in more modern words: “The banquet is the triumph of turning a mere need into a total party, softening at the same time the loneliness of the individual during a few hours of special satisfaction, by means of a great bond of shared food”. On the other hand, we now increasingly understand the kitchen as a social tool. We don’t just feed stomachs. We fill the table with shared pleasure, fun — although food is not played with — conversations, reflections and experiences. In these new times, haute cuisine restaurants are, above all, generators

of experiences and contents. The dish is always our excuse to share stories that should always try to thrill, because not everything is technical. Passion and its transmission are vital. Without forgetting, of course, that our cuisine begins with the producers and in the markets. Describing our processes is much more than valuing the dish. It is to awaken, with empathy, respect for food, products and producers that are part of the gastronomic cycle and the life cycle. Curiosity about ecological awareness is thus awakened. To understand the world as a place where we are renters and we should leave things in good conditions when we go. To awaken interest in biodiversity, encourage the use of local raw materials, vindicate varieties and species that our lifestyle had condemned to disappear, recommend seasonal consumption or associate good food with quality of life. But let’s get back to the subject of pleasure at the table. Happiness is an essential prerogative. The kitchen gives us the right to pleasure and enjoyment. Of course, as diners, but also as cooks, knowing how to transmit our own happiness by overseeing our ephemeral but unforgettable creations.

Likewise, eating for pleasure is not the same as the stressful everyday meal. But even for those moments lacking time I believe we can make another type of food without it being garbage. Why does fast food — for its part, a symbol of globalization — have to be irremediably negative? Why does a sandwich have to be bad if the bread is of good quality and recently made and what we put inside it is noble, no matter how simple it is? What's more, every day the idea that going to the restaurant is a party will become more and more accentuated. Let's not forget that the word feast comes from fiesta (party). What matters is enjoyment and not stuffing one's face.

It is also evident that educated taste is a "path of no return". It is furthermore a great truth that some people have a sharpened sense of taste and others do not. And they'll never have it. As there are people with a special gift for appreciating the beauty of a poem, even if they have no literary education. In any case, I agree with the great Julio Camba: "All food must leave us feeling psychologically satisfied. And if it doesn't, it lacks something no matter how many

vitamins, albuminoidal substances and hydrocarbons it contains. Let's follow, then, the adventure of our culinary whim and if it doesn't coincide with science, let's not despair. Probably one day science will coincide with it." And he states resoundingly: "The horse always knows more than the rider, instinct more than reason and taste more than science".

Whatever the case, for some years now, molecular gastronomy has sought to introduce physics and chemistry into the kitchen, but little by little it has become clear that this discipline will not get "chemistry to feed us", nor physics, but rather it seeks more rational and logical objectives. As proof, there is the resounding failure of the chemist Marcelin Berthelot, who in 1894 erroneously "prophesied" that by the year 2000 the chemistry of synthesis, thanks to "nutritive tablets", would replace agriculture and cooking. The French gourmet Brillat-Savarin was more clairvoyant and intuitive when he pointed out: "The creator forces man to eat in order to live, appetite invites one to eat and pleasure is the reward. A nutritive pill could obviously not stimulate receptors the way food does."

3.3

The Footprint We Leave Behind

Iñigo Arias

Commercial Director Fresh Food Area

Mikel Larrea

Secretary General

Alejandro Martínez

Director of Health and Sustainability

*A true conservationist is a man who knows that the world
is not given by his fathers, but borrowed from his children.*

John James Audubon

In 1985, when the campaign for the removal of chlorofluorocarbon (CFC) aerosols had not yet arrived in Spain, Eroski launched the first CFC-free aerosol product, a furniture cleaner. Although it did not meet the expected commercial expectations, it already reflected at that time an idea we were trying to incorporate into a form of business management appropriate to a consumer cooperative. This double aspect of workers and consumers means that we can have a double impact on the challenge posed by sustainability measures: from our activity in very different fields of the economy (distribution of food and mass consumption products, distribution of non-food products, fuel, sportswear), and from our facet as consumers and users interested in obtaining supplies in the best conditions, which increasingly and for some time now include sustainability.

In 1992, the Union of Concerned Scientists (UCS) and more than 1,700 independent scientists, including most Nobel Prize winners in science, drafted the “World Scientists’ Warning to Humanity”, expressing concern about damage to the ozone layer, depletion of freshwater and marine life, loss of forests, destruction of biodiversity, climate change, and continued human population growth. Twenty-five years later, in 2017, again promoted by the UCS, “The Scientists’ Warning to Humanity: Second Warning” was published, signed by 15,364 scientists. It stated that we are worse off in everything except the stabilization of the stratospheric ozone layer, which was precisely what we were trying to protect with Eroski’s withdrawal of CFC aerosols.

Today, we continue to be at the forefront of initiatives that promote sustainable consumption and respect for the environment, which, as the scientific community warns, is still in danger. Therefore, in addition to trying to minimize the environmental impact of our own business activity, the main efforts are aimed at contributing to sustainability through the exercise of the social objective: to provide consumers with products that respect the environment.

Sustainability — together with health, convenience and pleasurable products — is a clear social and consumer trend that is related to the current consumption of organic and BIO products, although some of the latest studies show that consumers do not have a clear understanding of what this type of food is. Concepts such as “without additives”, “Km 0” and “Natural” are mixed in the consumer’s imaginary. In addition, the main motivation for buying something is the perception that it helps to lead a healthy life, ahead of motivations more directly related to caring for the environment.

Spain leads in terms of the surface area dedicated to organic production with almost two million hectares, dedicated largely to exports as the market share of these products and their per capita consumption are below the average of the countries of the European Union.

In view of the studies on the motivations for buying, it seems we are confronted more with a problem of demand than supply. To the extent that this increases, improvements will appear

in terms of price competitiveness and assortment, which are often presented as barriers to increased consumption of these products. Our role in their promotion is both to facilitate the access of consumers in the best conditions of quality, information and price, as well as to carry out the educational and informational tasks that encourage their demand and that are inherent to our corporate functions as a consumer cooperative. And this task of awareness-raising is also

What we do in our business to minimize environmental impact

- Optimize transport and, therefore, fuel consumption and the reduction of CO₂ emissions.
- Design new stores with eco-efficient systems and progressively remodel the existing network.
- Design the packaging of our own brands according to ecological requirements (eco-design).
- Reduce food waste through programs along the entire food chain and in food donation: we and our customers have donated more than 7,000 tons to the most disadvantaged groups as of 2017.
- Encourage recycling.
- Promote ugly fruits and vegetables in order to reduce food waste in the selection processes of producers.
- Promote the use of reusable bags, with different formats, which today have become the norm but which were pioneering at the time.

valid when we talk about other aspects related to sustainability, such as the need to extend the life cycle of products and prevent the generation of waste by curbing unnecessary consumption (also in energy), renouncing the purchase of overpackaged products or those made with certain materials, reusing or repairing products whenever possible, the transfer or donation to third parties of those that are still in good condition of use and, finally, the correct separation of materials at the time of recycling.

In 2017 we decided to make sustainability the main attribute of one of our own brands with the highest recognition among our customer partners: Eroski Natur, the brand with almost twenty years of history offering fresh products

and renowned for its excellent value for money and its guarantee of trust and quality. In this way we have integrated the concept of sustainability into two of the main components on which Eroski's value proposition has historically been based: its own brands and its fresh products.

In terms of respect for the environment, Eroski Natur products will be sustainable because of their natural ingredients with no artificial components (this is the essence of the brand) and because of their production method: organic, the result of sustainable practices in the production process and from sustainable sources. In terms of socio-economic sustainability, they will be covered by a PGI or PDO, although they may also be local products that are highly important to consumers, even though not everything "local" is equally sustainable.

A good example of our aim to offer new alternatives to buyers for more sustainable consumption has been to become the first retail distribution chain in Spain to pass the audit of



European Environment Prize 2007-2008.

the international organization Marine Stewardship Council (MSC) to market fresh fish from sustainable fishing grounds. This certification of Eroski's fish sales (348 fresh fish counters and six logistics platforms, and the training of the 2,160 people who service these) is a clear commitment to the marketing of fresh fish from fisheries that are more respectful of the marine ecosystem, the use of sustainable fishing gear and transparent consumer labeling and communication. Our most emblematic Eroski NATUR fish products (White Tuna from the North, Cantabrian Anchovy, Skrei Cod) bear the MSC certification seal.

The development of sustainable own-brand products also gives us the opportunity to work with producers in the primary sector and with food product suppliers with whom we share this environmental orientation, as well as to extend our idea to other sectors related to food distribution in order to build up a sufficient supply to enable us to respond to growing consumer demand. With this we will also contribute to the rest of the agents in our value chain adopting this vision of sustainability, both

What we do in our business to minimize environmental impact

Informing and educating consumers, appealing to their ethical and sustainable conscience. The environmental channel of our informative project EROSKI CONSUMER is a reference in the sector, distinguished with numerous awards in its more than twenty years of history, in which it has published thousands of articles.

in the production of products and in order to guarantee that their activity is more respectful of the environment.

There's more: manufacturers focus the innovation of their brands on products that represent new consumer trends and often complain of the difficulty of getting that innovation to con-

sumers because of the lack of investment in distribution. Positive discrimination towards more sustainable innovations could be a good formula to balance this out.

But Eroski's ambition cannot remain in the design of sustainable private label products or in positive discrimination when it comes to introducing innovations in its ranges from manufacturers that are committed to sustainability. We need to inform the consumer of all these initiatives. Communication is a key factor in stimulating this demand.

Growing consumer concern about environmental issues and increasingly stringent environmental legislation may be interpreted as threats to some companies, but also as an opportunity to incorporate environmental concerns into their strategy. And in this context a new way of understanding marketing is born: ecological marketing (or environmental, green marketing, ecomarketing or sustainable marketing). There are agents for whom green qualities can provide a competitive advantage; others see green positioning as a strategic opportunity for effectively managing brand differentiation from competitors; but there are also those who use these messages opportunistically, with no real story behind them.

ENERGY EFFICIENT STORES

The development of progressively more energy efficient stores is a constant in our history, in which some recent milestones stand out. The addition of dozens of environmental improvement measures, common today but pioneering at the time, in a new generation of efficient stores, have made our commercial network a leading chain in terms of sustainability.

The Zero Emissions store in the Guipuzcoa town of Oñati, inaugurated in 2012, offers a totally neutral balance in CO₂ emissions, with electricity consumption 65% lower compared to a conventional store of similar size and characteristics. This is achieved thanks to the use of sustainable construction techniques, from civil works to cooling systems, electrical installations, construction, equipment ..., sustainable waste management and permanent monitoring of sensors throughout the premises. This store was the first European supermarket to obtain ISO 50001 certification, as well as the BREEAM sustainable construction certification.

The LIFEZEROSTORE store in Vitoria, completely remodeled in 2018, takes an additional step in the same direction to achieve total energy autonomy (its own generation of electricity through renewable sources). Advances have been made towards a store that could be unplugged from the conventional electrical grid. These developments, extended to the commercial network, allow us to constantly and progressively reduce our environmental footprint.



Bonito del Norte with the MSC sustainability seal in 2017.

We have a true story to tell that is consistent not only with our competitive strategy, but with our statutory purposes that were defined fifty years ago. Therefore, we can only be zealous in the way we communicate these ends, differentiating ourselves from those who tend to use more opportunistic tactics.

The pressure of human activity on the planet will continue to increase, of that we have no doubt, and with it will grow the consciousness of people to develop sustainable consumption. They are, after all, the ones who, with their daily consumption behavior, allow the sustainability projects promoted by organizations such as ours to have a real impact. The information and education of consumers will increase (Eroski will play, as it has been doing, an important role) and the new generations will have a greater knowledge of what the behaviors and activities of the most environmentally friendly people and organizations are. They will make their political and responsible consumption decisions accordingly.

In Spain the consumption of organic products will increase and, without reaching the levels of the EU countries that occupy the first places (Germany, Austria, Sweden), it will reach the current levels of countries more similar in consumption habits and commercial structure such as France and Italy, which will mean doubling in a few years the market share of these products. Eroski will be the generalist network with the greatest participation in these.



Reusable bag made of raffia.

Eroski's own brands will be leaders in consumer recognition, not only for their current excellent value for money, but also for their commitment to sustainability, which will include both product development and distribution as well as packaging. For own-brand products and for the introduction of manufacturers' innovations, we will count on the collaboration of those agents in the value chain who present a commitment to the environment similar to that of our organization. We will provide value that the consumer will appreciate and which will enable us to improve our business performance.

Most importantly, the reason for everything: in twenty-five years' time, the report by the scientific community on humanity's impact on the planet will reflect clear progress on the most critical sustainability issues. Eroski will see the impact of its initiatives reflected in some of these advances.

THE CONTRIBUTION OF OUR OWN LOGISTICS

We have always managed logistical processes. Eroski was one of the first distributors to centralize procurement through its own platforms, replacing the then usual direct and decentralized management of each point of sale. This new way of doing things has put in Eroski's hands such important pieces in environmental management as the transport for stocking the network of stores, whose historic manual management gave way to the current fleet management tools that allow improving CO₂ emissions by more than 10%, in addition to contributing to an improvement in the use of resources (fewer vehicles needed for the same activity), and the reduction of nuisance in cities by the lower presence of vehicles in time and quantity.

Until 1993, Eroski maintained a mixed system of its own and subcontracted management of distribution transport. In that year, the creation of transport companies was promoted that, among other objectives, professionalized the management of their assets and processes in order to achieve more economically and environmentally efficient transport. The modernization of the fleet and work processes contributes decisively to the reduction of the environmental impact of distribution transport processes.

The next natural step was to manage sourcing from suppliers' warehouses to our platforms. This management began in a structured manner in 2000 with the creation of the Plataforma de Compra en Origen (Origin Buying Platform). Until that date, it was common for transport companies themselves to try to optimize their operating accounts with small outreach activities to suppliers located at points close to the destinations of distribution trucks. They made what in those times was called returns. The implementation of its own management structure allowed an exponential increase in an activity that, in addition to being economically profitable for transport companies, suppliers and Eroski, considerably reduced the use of transport resources and, therefore, contributed to the reduction of polluting emissions.

But also the third leg of transport, the home delivery service of purchases made in-store or through the web, has been managed in the area of sustainability and the environment in Eroski. Thus, in 2010 the first assisted bicycles for home delivery in the Basque capitals were incorporated, and in the car parks of supermarkets and hypermarkets loading systems were installed for the electric vans that first appeared in 2011 at the Vitoria Mercedes plant. Five of the first 100 units produced remained in the Basque Country to serve two Eroski centers (the rest travelled to Germany).

Fifty Years in Search of Sustainability

Juan Carlos del Olmo

Secretary General WWF Spain. Naturalist.
President of the Fundación Doñana and member
of the Environment Advisory Council

Fifty years have passed since Eroski was born from the union of small cooperatives of associated consumers to obtain products at better prices, an innovation at the time that emulated similar social initiatives in other European countries.

Only a few months earlier the *Apollo 8* spacecraft had taken the first photograph that allowed us to see for the first time the entire planet Earth, alone and fragile in the middle of the universe. Three years later, the Club of Rome would publish *Limits to Growth*, warning for the first time about the risks of infinite growth on a finite planet, and in 1980 IUCN, UNEP and WWF presented the Global Conservation Strategy, the first roadmap for development that does not destroy nature. But it was not until 1987, with the Brundtland Report and the 1992 Rio de Janeiro Summit, that the term sustainable development was coined for the first time. And it would still take more than two decades to reach the Paris Agreement against climate change and to approve the Sustainable Development Goals that today constitute the main guide for an equitable and respectful future with nature.

Fifty years ago it was still believed that our planet's resources were unlimited and it was difficult to imagine that our species could acquire such an enormous capacity to alter life on Earth, modify the climate, over-exploit fisheries, use most of the available fresh water or accelerate the disappearance of species up to a thousand times the natural rate.

Humanity's relationship with nature has changed profoundly in this short half-century. The impact of human activities is pushing us into uncharted territory, with growing evidence that the footprint of our species on the biosphere is so great that many experts do not hesitate to affirm that we have fully entered the Anthropocene, a new era marked by the great transformations of the environment caused by human action, whose impacts have become visible in a single generation. Loss of biodiversity, climate change or plastic saturation in the oceans are just some of the warning signs of a planet in danger.

Twenty years ago, WWF published the Living Planet Report, a biennial evaluation

with which we try to follow and estimate the ecological footprint of humanity all over the planet. To do this, we measure the evolution of more than 10,000 populations of 3,000 species of vertebrates worldwide, which allows us to know the state of the ecosystems in which they live and on which we depend.

In its latest edition, the Living Planet Report clearly showed a shocking decline in biodiversity. Since Eroski was born, in just two generations — from 1970 to 2012 — vertebrate animal populations have been reduced by 58%, that is, by more than half, mainly due to the destruction and alteration of ecosystems caused by our unsustainable level of consumption.

Rivers and forests are among the most transformed by the impact of intensive agriculture and livestock to produce soybeans, meat or palm oil, but if we look at the sea the picture is even more worrying, given that in such a short space of time human activity has severely damaged the oceans by catching fish faster than they can reproduce and destroy their breeding grounds at a dizzying rate.

The species essential for commercial fishing and, therefore, for the supply of food on a global scale have suffered dramatic declines and in some species vital for consumption such as tuna, bonito or mackerel, the decline has been 70%.

Overfishing and the destruction of marine habitats are having dire consequences for the entire human population, and the collapse of ocean ecosystems and their biodiversity could cause a serious economic decline and jeopardize the successes achieved so far in the fight to eradicate poverty, as it is precisely the poorest communities that depend most on the sea and will be affected most rapidly and severely. This is particularly alarming when we consider that more than three billion people depend on fish as their main source of protein.

The latest Living Planet Report shows that current consumption levels have skyrocketed and that we use natural resources as if we had more than one planet at our disposal, placing us totally outside sustainable limits. Today we consume 1.6 times more natural resources than the Earth can supply and if we maintain this level of consumption in 2050, with 9.8 billion people, we will need at least two and a half planets to supply ourselves.

The consequences of our excesses are clear: populations of all types of species are declining and undermining the health of the ecosystems on which we depend, and the concentration of CO₂ in the atmosphere has already broken all records at 403.3 parts per million (ppm).

The urgent need for a rapid and systemic change of course is indisputable, starting with the way food is produced and with our

dangerous energy system. Both are opposite sides of the same coin and are the main reason why we are cutting down forests at a faster rate than they grow, why we catch more fish than the seas are capable of replenishing, or why we dump more carbon into the atmosphere than the oceans and forests can absorb.

There is no doubt our food system is pushing the planet to the limit. The current model of food production, distribution and consumption has become the main threat to ecosystems, biodiversity and climate, on which food production itself depends.

The agri-food sector today produces almost 30% of greenhouse gases and up to 60% if changes in land use, fertilizers, transport and all the impacts of the production process are included. Agriculture occupies 35% of the land surface and almost half of all habitats, while a third of all species are threatened by intensive agriculture. In addition, 70% of all water is consumed by draining rivers, wetlands and aquifers all over the planet.

The paradox is that despite its high cost and enormous impact, the current system has failed to prevent more than 800 million people from experiencing chronic hunger and two billion people from suffering from hidden hunger. At the same time, more than 500 million people suffer from obesity as a result of an inadequate diet.

Different FAO studies show that there is already enough food to cover these needs, but some self-interested sectors continue to propose intensifying production as the only solution to the problem of hunger, ignoring that in this flight forward we will exhaust natural resources and put at risk our capacity to provide food in the medium and long term.

This is a complex equation, in which one must also take into account the fact that approximately one third of food ends up in the garbage, with the consequent waste of water, energy and soil used in its production, and that one third of arable land is used to produce feed to feed intensively raised livestock and satisfy the growing world demand for meat. All this under the enormous responsibility of the markets, which today determine the price and the way in which food is produced and distributed.

For all these reasons it is urgent to profoundly rethink the way we produce what we eat. Firstly, starting now, we need to change how we produce food in order to preserve ecological systems, given that we depend entirely on their health and without healthy ecosystems or a healthy climate, food production capacity will be severely compromised.

To a large extent, the solution lies in promoting large-scale forms of production

that respect the environment, such as agro-ecology, and those systems that guarantee and certify the sustainability of the entire process, guiding consumption in this direction and actively involving all sectors.

In addition, we need to make our current diet good for our health and the environment by radically reducing the consumption of animal protein and processed products, increasing the consumption of fruit and vegetables, and opting for organic and if possible indigenous, local and seasonal food, in order to create sustainable business models that are close to the consumer.

Although we are still far from achieving this, it is clear that correcting the course and profoundly transforming the food system and the energy system should become a priority for governments, businesses and society as a whole, given its enormous impact on biodiversity, the resilience of ecosystems and the well-being of human beings.

For a century global temperatures have been rising steadily, accelerating in recent decades and breaking records at unprecedented speed, already causing serious damage to ecosystems vital to the global ecological system such as the Arctic, wetlands or coral reefs.

Luckily, during this same period we have also developed the knowledge and technology to reduce the extent of climate change but, despite progress, there is still a

lack of determination to halt deforestation caused by the production of high-consumption raw materials, and to drastically cut greenhouse gas emissions.

If we really want to move in the right direction, we will have to keep most of the fossil fuels that are still available underground, massively deploy renewable energies that would reduce climate risks, strengthen our economies and create new sources of employment to replace those based on polluting industries and fuels.

While the global transition to energy efficiency and renewable sources remains a large scale task, the good news is that society is evolving rapidly and is increasingly organized to demand change, and in many parts of the world simultaneous revolutions and advances are occurring that are already transforming traditional systems of energy production, control and supply.

The reality is that in these fifty years, as the impact of human pressure on the environment has become more evident, society's awareness has grown steadily, although we are still far from seeing and implementing an economic model that can dissociate human development from environmental degradation.

From now on, any shift to a more sustainable system should have as its primary focus the limits of a single planet and the conservation of the natural capital that

sustains our economy and all human activities. It must focus on halting the loss of priority habitats, expanding terrestrial and marine protected areas that act as reservoirs of biodiversity, and investing on a large scale in the restoration of damaged ecosystems so that they can once again offer their environmental services to society as a whole.

In addition, it is essential to introduce environmental taxation and redirect financial flows in order to stop investment in climate — and biodiversity — damaging activities such as the oil industry, coal mining or intensive industrial agriculture, redirecting this financial capital to the protection of natural capital and supporting initiatives that promote the conservation and sustainable and innovative management of natural resources.

We also need to reduce our level of consumption in all areas of life as we transform markets to improve production, using as few resources as possible, and train consumers to make smarter and more responsible choices, promoting lifestyles with lower ecological footprints and food consumption patterns with the lowest possible impact.

And it is imperative to promote global governance of natural resources, creating new regulatory and legal frameworks that facilitate equitable access to water, food and energy, maximizing public participation to manage natural resources responsibly and

taking into account the rights of future generations.

Society as a whole is responsible for this change of system and companies have a fundamental role and a great responsibility to attend to what the times and their customers expect of them. Fortunately, in recent decades many companies of all kinds are integrating sustainability as a central axis of their policies and some have even evolved to turn the defense of the environment and the fight against climate change into an opportunity for differentiation, an engine of innovation and a niche of new activity.

In recent years we have become increasingly aware of our ability to influence to change course and therefore more and more consumers demand that the products we buy not only do not harm the environment, but by consuming them we can also turn them into levers of transformation and change. As a result of this demand, companies are also increasingly requiring their supply chains to meet their sustainability standards and contribute to achieving their environmental objectives, transferring innovation to all links and to the local level. Now we need to get governments to create the necessary regulations and positive incentives to support more sustainable production and consumption.

In this scenario of change, cooperatives such as Eroski have been pioneers and have

led the way in a sector so influential and decisive for sustainability as large-scale retail, approving policies aimed at improving the health of people and the planet. Outstanding examples are the commitment to certification and traceability of products such as wild and farmed fish, the promotion of local food to reduce the ecological footprint and contribute to the local economy, the policy to reduce food waste, the commitment to eco-innovation and eco-design to reduce the use of plastics, or systematic investment in the training of consumers and employees through tools such as *Eroski Consumer*, which has become a true reference on responsible consumption or its Ekilibria program to educate on the importance of healthy eating.

Just half a century after Eroski's birth we find ourselves at a crossroads. An extraordinary moment, with enormous risks but also great opportunities for the future of the planet, companies and society as a whole. More than ever, we need to join forces with all sectors in order to consolidate and accelerate change, which is why we encourage Eroski to remain faithful to its founding principles and above all to look after the good of its member-partners, its customers and the society in which they live and operate, striving to remain a benchmark in social and environmental responsibility that other companies want to imitate.

Congratulations and good health to all of Eroski's large family.

3.4

A Balanced Diet to Aid Health

Alejandro Martínez

Director of Health and Sustainability

Asun Bastida

Commercial Director of Local Products

Food is life, and life must not be separated from nature.

Masanobu Fukuoka

The needs and demands of our society in relation to food and health are not the same as the ones that encouraged those consumers who founded our cooperative fifty years ago. The share of disposable income that had to be spent to cover the costs of food was considerably greater than at present. The variety of supply available was noticeably more limited and, of course, food safety could not be taken for granted. The composition of family units has also evolved notably in these years: the number of members per household has declined, the average age of the population is higher, births have fallen and also occur at older ages for mothers. The progressive and fortunate incorporation of women into the labor market has had an impact on the social uses related to the food supply of families, and also on the progressive dilution of their traditional role as the support (shopping, cooking) of the family. Consumption understood as leisure and not so much as necessity, the emergence of new ways of consuming (in material terms: prepared food, international food, food at home, fast food, junk food...; in terms of form: electronic commerce, mobile devices) are other features of modernity that have shaped current food patterns.

The decisions regarding the composition of the shopping basket have a direct impact on people's health. In fact, except for the vagaries of the unavoidable lottery of genetics, diet — understood as the set of eating habits — is the primary factor determining the degree of our health, to the extent that little more than our shopping list is needed to predict our health and its foreseeable evolution. The unlikely historian who at some future date might make a comparison and examination of yesterday's and today's shopping lists would gain a new perspective to explain the change in our society in the last half century.

We can simplify the evolution of the market of large food consumption in these years as one that has passed through several stages. First, attention to basic needs. Covering needs and, above all, guaranteeing food safety in the commercial proposal aimed at satisfying those needs, determined the initial years of the cooperative. As one might expect in this context, one of the first decisions in configuring the identity of our own brand — whose simple white packaging soon served as a reference for all retail brands in Spain — was the establishment of a double guarantee of food safety, backed by the resources of our suppliers and monitored by our own laboratory whose aim has always been to defend consumers' health.

With basic needs met, the market began to become mass-oriented. The cooperative played a key role in democratizing access to satisfactory and safe products for the general public. The deflationary effect on the price that the existence of our own brand implied, as well as the progressive efficiency in the operations that the growing volume of our purchases allowed us, were capital elements in this process.

From massification we transitioned to sophistication. Gradually, store shelves became denser in amplitude and depth. There were more competing brands and there were new needs that went beyond the mere satisfaction of basic ones. From eating to feed ourselves we went to a consumption linked to other apparently higher needs: coherence with our lifestyle, the search for healthier, more sustainable products, but also tastier ones or even more fun. There was a facet of personal fulfillment in the way we developed as consumers of food.

Our differential nature as a cooperative-based food distributor permeates the way we carry out our mission. Our role is real and different from that of other distribution companies because not only do we make products available to consumers in the market, but we also promote various actions aimed at promoting the consumption of the most suitable foods for a balanced diet, the commitment to fresh and local products in our Contigo store model and the development of nutritionally improved private label products from which the most harmful ingredients have been eliminated.

The spirit with which we define it today is the same spirit found in the words of the founding Statutes of Eroski: the procurement of goods and services in the best conditions of quality, information and price. The significance we give them is none other than what is demanded by the changes in our society. Thus, the fulfillment of our social aim can only be carried out, paradoxically, through updating our commitment to the promotion of a healthier diet. Because the “quality” of a product is today somewhat wider and greater than that of a 1969 consumer, who strove to obtain merely safe products, we could say — today we consider concepts such as nutritional balance, environmental or social sustainability to be part of the idea of “quality” — and the information that regulations, the market and our own vocation require us to have for each product has nothing to do with the standards of the late 1960s.

Our commitment to health is based on an inalienable vocation to guarantee food safety, understood as a defense of consumers. Eroski places the responsibility for ensuring the quality and food safety of its products and facilities precisely in the Consumer Area, with full independence and command in the marketplace with respect to the commercial areas, in a unique organizational design that is perfectly consistent with its mission. The double guarantee — provided both by each manufacturer’s controls and by our own laboratory — soon became one of the most demanding management standards. The rigor that for decades would make the comparative analyses of the magazine *Eroski Consumer* an impartial arbiter unquestioned by readers, consumers and manufacturers, is equal to the rigor Eroski applies to establish the quality of those products on which it builds its own brand. Microbiological, physicochemical and even, over time, genetic aspects are integrated as a standard part of our procedures in thousands of products, thousands of controls, analyses, audits of suppliers, points of sale...



Meeting of the committee of health experts in the 1980s.

Other technical developments contribute to the improved performance of the cooperative in relation to food safety. The control of the cold chain along all its links or the traceability of each article allow us to offer products in the best state of preservation and to detect and locate within hours a batch to keep products, on very rare occasions, that are not in perfect condition from reaching the shelves.

Over time, the evolution of consumption patterns forced us to address new challenges. Food safety is not the finishing line for an organization focused on promoting the health of consumers. The Spain of the 1960s and 70s was gradually left behind, and the homologation of our eating habits with those of surrounding countries began to take place more strongly in the 1990s. We soon saw that this homologation also occurred in its most adverse aspects, as was the case with the increase in problems arising from a balanced diet and increasingly sedentary lifestyles, both among the adult and child populations. The scientific community looked for successive culprits; anyone with a good memory will remember that oily fish went from villain to hero (or was it the other way around?), and that something similar happened with other foods (such as olive oil), whose credentials as a healthy food, rooted in the heart of the Mediterranean diet, nobody doubts today. The nuances when it comes to differentiating

fats — healthy, such as the aforementioned olive oil; less healthy, such as trans fats or partially hydrogenated vegetable fats — followed one after the other as researchers and scientists refined their tests and studies. Soon other nutrients were revealed as unsuitable beyond a certain level. Today it seems clear, and the WHO preaches this without mincing its words, that free sugars should be monitored in a healthy diet.

Consequently, the promotion of a balanced diet is as much an obligation as food safety. Eroski set in motion many developments in this sense. As for the nutritional composition of our products, we are constantly reviewing their listed components to reduce the amount of controversial ingredients. In a pioneering decision — according to some brands and manufacturers that followed us — we completely eliminated trans fats — partially hydrogenated vegetable fats — from our own label products. These fats, which provide palatability, structure and texture, are harmful due to their negative effects on the cardiovascular system. Their removal took place within months of the decision, and was a challenge due to the need to reformulate hundreds of products against the standards of the market, which used them extensively. We also wanted to redesign all our products with what were then their manufacturers, and so we did. Today we can proudly say that trans fats have an anecdotal presence in the national food market — a fact confirmed by the Agencia Española de Consumo, Seguridad Alimentaria y Nutrición (Spanish Agency for Consumption, Food Safety and Nutrition, AECOSAN) — and it would be false modesty not to relate this transition to our pioneering decision.

Reducing salt and sugar is another focus of work that demands the constant revision of listed ingredients in products. The launch of the Eroski Sannia brand represented, in addition to progressive improvements in the rest of the brands, another milestone since it allowed radically improved products access to store shelves: we are talking about decreases of 25% and 30% of salt and sugar, without falling, of course, into the temptation of compensating with one nutrient — say, fat — the reduction of another — say, sugar. The acceptance by consumers of these proposals and their corresponding establishment on the shelves has eliminated hundreds of tons of sugar, fat and salt from the diet of our customers. Recent decisions, such as the removal of palm oil from all our own brand products — without replacing it with coconut oil, as little recommended as that other — are new steps in the same direction.

Transparency in labeling information was also seen as a natural move in our commitment to health. There is no point in offering improved products without making those improvements known to the consumer — this was an easy decision to make, and no marketing professional would miss that opportunity — but neither does it seem right to take advantage of consumers' lack of knowledge, their haste and distractions in the act of shopping, or the convenience of less stringent labeling legislation than the current one to keep them from

noticing the less agreeable aspects of the nutritional composition of products. This reflection led us to another courageous and pioneering decision which, years later, has also proved to be on the mark — in fact, Community legislation originates from the same conceptualization and even proposes or allows similar labeling solutions —: the establishment, on all own-brand products, of advanced nutrition labeling, well above the standards of the legal minimum, which allows the consumer to know, in a quick, intuitive, easy and highly understandable way, the nutritional impact that a ration of a given product would have on their diet.

There are many unusual aspects to the Eroski nutritional traffic light. In the first place, it offers information per ration of consumption, in addition to by 100 grams or milliliters, as required by law, based on the idea that the buyer does not consume the products in batches of 100 grams nor is going to take out a calculator to do the math. Information is therefore given per glass, per cup, per unit — a yoghurt, a muffin, a small bottle, a can — i.e. for the most common domestic unit, whose equivalence in grams is always provided. The amount of calories and nutrients important to public health — sugars, fats, saturated fats, salt — is provided for each ration, the percentage that these amounts represent on the daily Reference Intake (RI) for an adult woman is calculated — except in the products specifically aimed at a young public, in which case the calculations are made on the child RI, which is lower —, and this percentage is qualified with a simple system of colors, like a traffic light. Green, yellow and orange, but not red, which would imply a contradictory message prohibiting the consumption of a product for sale. It soon emerged as a valuable tool for making the right shopping basket decision from a nutritional perspective, and the scientific literature indicates that the use of traffic light-based labeling improves the composition of one's shopping basket.

We are sure, therefore, that these measures fit the needs of a society that eats safer products every day and, to the same extent, blurs the frontiers of balance in its diet. It should be noted that the implementation of these advances is carried out at all times in perfect harmony with the needs, concerns and demands of society, in a permanent exercise of listening, with both formal and informal elements. The FOCOS (Consumer Opinion Forums), face-to-face meetings with consumers to discuss ideas and proposals and collect requests and concerns — later these would also arrive in their digital version — have perhaps been the most outstanding channel in which to integrate contributions. For example, the nutritional traffic light was validated by more than 5,000 consumers, who found it more intelligible, practical and useful than other proposals then available. The scientific and academic viewpoint also enriches our reflections, through various channels such as the Scientific Committee that, formed by early activists who acted independently, advises us, or the successive Encuentros

de la Escuela de Alimentación (Meetings of the School of Food), monographic conferences on nutrition that let us access the most current and reliable information on these topics.

The progressive loss of healthy eating and living habits is of particular concern in children. The Eroski Foundation's Nutritional Survey of the Spanish Population (ENPE, 2014), the most extensive study on eating habits and the weight status of the Spanish population carried out in recent times in Spain, indicates this: the percentage of overweight and obese children is around 40%, with worrying figures in virtually all Autonomous Communities. The incorporation of a more sedentary lifestyle — more urban, more technological, in which physical play on the street or schoolyard has given way to on-screen play — easier access to superfluous calories, the boom in fast food, the loss of the Mediterranean diet pattern, are challenges that only a multifactorial approach is likely to redirect. The projection of the current data on the weight status and eating habits of the youngest members of society puts us in a position to accept that their lives will be shorter and of worse quality than those of previous generations, something unprecedented in the history of the western world, except in periods of war. Unless we keep fighting against this.

The Educational Plan in Food and Healthy Habits “Energy to Grow”, designed and developed by the Eroski Foundation for integration into the school curriculum of primary schools that choose to adhere to the proposal, is a project as ambitious for its approach as for the size of its results. The didactic units, developed with a multidisciplinary team of pedagogues and experts in nutrition, incorporate and develop diverse concepts, such as the composition of the diet, the Mediterranean diet, food groups, the right to food, adequate food for a sustainable planet and the importance of local and regional products, among others. The additional possibility of applying in practice the knowledge acquired by the students — in multiple workshops —, as well as the invaluable opportunity of knowing first hand the agro-alimentary exploitations of the local primary sector, make “Energy to Grow” the most successful Educational Program in Food and Healthy Habits that has been developed in Spain. Since it was set up seven years ago, we have trained more than 800,000 schoolchildren from more than 4,000 schools. Year after year, teachers give us a grade of over 9, on a scale of 0 to 10. Entities as relevant as UNICEF, WWF or the Fundación Española del Corazón (Spanish Heart Foundation) collaborate with the program, which will surpass the mark of a million schoolchildren trained in this year of our 50th anniversary, a beautiful finishing touch to an activity of pure social intervention.

Attention to specific food needs is a new layer added to the previous ones. Health conditions and the different stages of life — which nuance and reprioritize our needs — some times impose important dietary restrictions on consumers that interfere with or complicate the



Educational Program in Food and Healthy Lifestyles (PEAHS), developed by the Food School of the Eroski Foundation.

construction of a healthy diet. Such is the case, for example, with widespread cardiovascular problems like hypertension — which affects, silently and not always detected, almost one adult in two —, diabetes — with a special increase of type 2, related to obesity —, excess cholesterol, and food allergies and intolerances. Re-designing the diet and a preference for products that provide better calories, sugars, fat and salt is one of the best strategies to mitigate and perhaps revert some of these problems; others, on the other hand, require different solutions. Eroski's differential proposal, which we have just reviewed, is ideal for those suffering from hypertension, diabetes and hypercholesterolemia. It is also so, for reasons that we will now explain, for those who do their daily shopping under the prism of their allergies or intolerances.

Problems with gluten objectively affect a small part of the population, which in many cases suffers from the ailment without knowing it. The Federación de Asociaciones de Celíacos de España (Federation of Associations of Celiacs of Spain, FACE) estimates that more people are affected by celiac disease pending diagnosis than those who are clear that they are affected by this intolerance to gluten. However, the small size of the affected population should not be seen in relation to the rigor and ambition of an efficient proposal for this public, since the distortion in their daily lives caused by the disease and the

difficulty in accessing suitable products is of great importance. The presence of gluten in the composition of everyday products is not limited only to those in which it is reasonable to find it as protein from wheat and other cereals. Its versatility to form part of food additives, cross-contamination, the coexistence of different production lines in production plants and the fact that its harmful effects are manifested even from tiny quantities (measured in ppm or parts per million) make it, in practice, a quasi omnipresent element. Eradication is technically complex, requiring duplication and isolation of facilities and processes. This often results in high prices for gluten-free products.

Our proposal is to offer total coverage of needs, so that for each of them we are committed to offering a gluten-free version. In some categories this is simple and occurs naturally; in others, on the other hand, we duplicate the solution so that the conventional product, with gluten, coexists with its version without, which we also offer at an improved price to people with celiac disease who are members of the associative entities with which we establish collaboration agreements. And, of course, it's a subject that abundantly nurtures our informational products.

An additional opportunity also exists to contribute to a healthier life: the one provided by new information technologies. The personalized proposal of improvement plans in order to perfect the nutritional composition of one's diet is a possibility on which we are taking some very interesting steps. The Ekilibria program, which has only been in existence for a couple of years and has already earned the trust of 30,000 members, seeks to propose improvements to the composition of the shopping basket based on an objective analysis of the fit between your purchase and the needs of your home, always under the rigor of science and guaranteeing data protection. The results obtained reveal a wide margin for improvement in the composition of the diet both regarding the lack of proportion — or even presence — in the consumption of indispensable food groups according to the nutritional pyramid — fruits, vegetables, dried fruit — and the excess consumption of others — red meats, sweet foods, snacks. But the evolution of the data, after two hopeful years of existence, speaks of a progressive approach to a better balanced diet.

We can ask ourselves now what the future holds for us. Although crystal balls or time machines are not yet sold on our shelves, here we can point out some clues that the editors of the future book commemorating the first centenary of Eroski in the distant 2069, may confirm.

The personalization of diets — according to taste; according to beliefs and lifestyles; according to stages of life; according to genetic patterns; according to intestinal microbiota, because the only limit to science seems to be the imagination — seems to be a field through which the food of the future will transit, which will propose individualized diets and perhaps

even products. Prepared food will gain ground and be largely healthy — let's not fantasize about eradicating junk food; let's be content that it won't all be junk food — or it simply won't be. Technical advances must make it possible to reconcile the growing need for food with a better nutritional profile, and we will probably see how vegetable protein — healthier and more sustainable, something that will be crucial in the decades to come — replaces animal protein. We will also see the normalization of the use of insects as a source of animal protein, and the cultivation of laboratory meat, which is already incipient today. Obesity will continue to grow, but it will peak and begin to decline, due both to social awareness and to the development of healthier products, not so much because of the vocation of large multinationals, but because of regulatory pressure from governments overwhelmed by the growing health and social costs of an ageing and obese population.

Eroski will have its work cut out for it if we want to continue working for the benefit of each consumer to contribute to improving, little by little and continuously, their quality of life.

Eroski and the local product

If there is a value for which the customer recognizes us today, that is, without a doubt, our commitment to the local product. In all the territories of the northern zone, where our presence is important — Galicia, Balearic Islands, Aragon...-, this recognition is shown in a clear ascending line when, year after year, we ask our clients about this issue. And it is above any other competitor when it comes to the Basque Country or Navarre.

It could be said, therefore, that we are moving forward with a firm step towards the desired goal of customers recognizing our stores as a good place to find what is produced locally, products from the area, and that we are also a company that contributes to economic development and growth of the territory where we are located.

It is no coincidence that years ago Eroski selected the local focus to be among the six main pillars of its strategy. As a consumer cooperative, its own constituent statutes refer to the benefit of the community in defining its social purpose. This benefit materializes, among others, in areas as varied as support for socio-economic development, the protection of local cultural elements or the promotion of a healthy diet and lifestyle.

We respond to all this when, as distributors, we value and promote the products and producers of each territory and when, as consumers, we increasingly include these products in our shopping basket and, therefore, in our diet.

But what is it we have built? What is “the local” in Eroski?

Probably the key to the chosen strategy lies in the fact that the product is the center of everything, but not the only thing...

The local product that can be found in our stores responds to a precise definition in each category, that respects the productions of each zone and its seasonality, which makes it a product of value, not at all banal, with a specific history and method of production.

A product that is unique in each region, that has a preferential space in the stores and information that highlights its value and makes it easy to find.

And a product that has to have a fair price that guarantees the sustainability of each sector without losing competitiveness.

A product that is the perfect excuse to generate in its surroundings an intense relational activity, both with our customers and with suppliers and the agri-food sector.

People, generally, feel united to their land, we appreciate what is “ours”, if only for the sole fact of its being that: “ours”. In different surveys that we have carried out, customers state the high value they attach to local products and organizations that promote their development and visibility. And this, in Eroski, means that in addition to offering a wide range of local products from each area, we develop programs together with the producers so that the customer can live a unique experience around a local product that brings them closer, for example, to their production and thus generates an intense and differential relationship.

And, in addition, we accompany this with a powerful customer-oriented communication strategy through all the tools we have — brochures, magazines, websites, social networks, the press, etc. — so that the values represented by the agro-food diversity of each area are known, appreciated and, ultimately, valued by the consumer at the time of making a purchase.

The relationship with local suppliers has been very marked by the “SME commitments” that we published in 2012 and that in 2018 have been set as one of the ten commitments of Health and Sustainability. Helping small suppliers to grow, accompanying them in the improvement of quality standards in their productions, taking care of their products in our stores and working in collaboration have been, and continue to be, the points to which we committed ourselves and which, therefore, mark for us a certain way of doing things. Highlighting the products of small agri-food suppliers is no easy task, when on the shelves they compete for the preference of consumers with big brands, but the evolution of recent years makes us optimistic. In the shopping basket and therefore in the diet of families, local products have gained an increasing presence.

In a similar vein, it is worth noting the work in collaboration with different representatives of the sector. Denominations of Origin, trade unions, and agri-food clusters in each region are collective groups with which we collaborate, thus contributing to the growth of the different sectors.

Today, as we celebrate our birthday, we can say that our commitment to the local is not fleeting. Although it remained in the background during the years of strong growth, it is something that we have been recovering for some time now, that we carry with us as part of our DNA. Because even though we are a company that operates throughout the country and has national and international alliances, we have overcome all commercial and operational barriers and we have learned to combine this global view with a look at each community, each territory, taking from each part the best and creating a unique offer from a large operator that knows how to adapt to each territory.

LOCAL PRODUCTS, A VERY BRIEF JOURNEY TOWARDS SUSTAINABILITY AND TASTE

When we speak broadly of better nutrition, we believe that we should accommodate nutrition with “sense” and “senses”.

We know that one of the fundamental reasons why tendencies towards obesity are more present in some societies than in others is that in the former there has been a loss in valuing food beyond simply satisfying the appetite and the basic pleasure obtained through fats, sugars or tasty flavors. To this are added other components, such as the less time we spend eating, or preparing food, or eating as a family, for example.

Faced with this devaluation of food, local products are powerful contributors of meaning, culture and tradition, as well as variety and, increasingly, high quality backed by certifying bodies. In other words, they not only provide social sustainability, helping to maintain a collective linked to the land or the sea, which maintains the environment we enjoy and the traditions we admire, but also give value: variety, quality, history and meaning to the dishes we eat.

In a good diet, knowing what you eat is an essential ingredient, that is, knowing what each product means for the diet and for society. For a consumer, choosing local products means casting a daily vote in favor of sustainability and healthier eating.

Food and Health

Irene Bretón Lesmes

President of the Spanish Society of Endocrinology and Nutrition (SEEN)

Food and health: a two-way relationship. By way of an introduction

The relationship between food and health is very close and follows a two-way pattern. On the one hand, our diet has a decisive influence on the risk of developing diseases, especially the chronic pathologies that most affect us, such as obesity, diabetes, cardiovascular disease or cancer. On the other hand, acute or chronic illness condition a risk of malnutrition, which, in turn, worsens their prognosis.

According to the latest data from the World Health Organization, published in 2017, the ten most important causes of mortality in the world include cardiovascular diseases, stroke and cancer. These pathologies have been increasing in importance in recent years, especially in developed countries, including Spain. Improvements in the overall situation and increased access to diagnostic and therapeutic techniques have contributed to a decrease in secondary mortality from infectious diseases such as tuberculosis, malaria, meningitis or HIV infection. However, partly due to the ageing of the population, but also due to the notable influence of

changes in diet and lifestyle, we are witnessing an increase in mortality from ischemic heart disease, stroke, chronic kidney disease and cancer. Alzheimer's disease and other forms of dementia, which are a major cause of disability and dependence, have also increased greatly. In our environment, nine of the top ten causes of mortality in developed countries are derived from non-communicable diseases. In Spain, according to the latest data from the Instituto Nacional de Estadística, the leading cause of mortality in males is tumors, followed by diseases of the circulatory system and the respiratory system. In women, circulatory diseases come first.

Obesity is the most prevalent metabolic disease in the world. It increases the risk of mortality and other diseases, such as diabetes. More than 80% of people with diabetes are obese. According to data from the International Diabetes Federation, the prevalence of diabetes will increase by 48% between 2017 and 2045. A larger increase is expected in developing countries (up to 156% in Africa). These figures require in-depth reflection and the implementation of preventive measures, identification and appropriate control and treatment.

The role of diet and lifestyle in these diseases that today are the leading cause of death and disability is undeniable. Cancer is, along with tobacco, the most important preventable cause. The most prominent factors are obesity, the intake of alcoholic beverages and red and processed meat. Adequate intake of fruits and vegetables, foods of plant origin and physical exercise are recognized protective factors.

The mechanisms that explain the relationship between diet and disease are very complex and to describe them in detail would exceed the aims of this reflection. Most are related to weight gain and body fat, which occupies spaces that usually do not contain it, such as the liver and other organs. Hormonal changes occur, such as resistance to insulin action and a chronic inflammatory state. Nutrients are capable of modifying the expression of genes involved in the regulation of cell growth and multiplication, either directly or by influencing epigenetic mechanisms. Diet also affects the microbiota, or intestinal flora, which has increasingly been given importance as a factor that favors multiple diseases, from obesity and metabolic ones to allergies and other immune-based diseases. A healthy diet will provide us with a healthy microbiota.

The information people are provided with and their education are fundamental to prevent these chronic diseases and it is in

this aspect, as we will describe throughout this reflection, in which we must all participate, from different fields, to achieve the desired goal.

The flip side of the coin, which is alluded to by the two-way relationship that appears in the title, is that people with a disease, almost any disease, have a greater risk of being malnourished. Malnutrition related to disease is an increasingly common problem. Adequate nutrition for the clinical situation helps control the symptoms of the disease (e.g. diarrhea) and prevents the risk of complications (e.g. kidney failure), as well as contributing to the prevention and treatment of malnutrition.

Here too, it is very important to evaluate and identify the role that each of the actors, from different spheres, can play in influencing the diet of the population.

Food and the promotion of health. How should we act, in different areas, to improve the health of the population?

In this section we will reflect on the actions that can be carried out by different actors to ensure that the population follows a more adequate and healthy diet. We will also try to identify the barriers that prevent their implementation.

Health professionals play a very important role in promoting health. A whole range

of opportunities that should not be missed opens up when we take into account the new knowledge of the relationship between food and health, the greater ease of access to information and specialized training, and the new modalities of communication between professionals and with patients. There is, however, a risk that the actions taken by different professionals or specialists are not sufficiently coordinated. Companies and occupational medicine have an important task, which must be recognized, in the identification of people at risk and in early diagnosis. However, these actions are often not well coordinated with those carried out in the national health system. A similar situation occurs in private or mutual health care.

Health institutions must broaden their scope of action, focusing on the care of sick people, and contribute more directly to the prevention of disease and its complications.

Scientific societies can play an important role in improving coordination between different professionals and specialists, fostering lifelong learning and leading health promotion strategies, while helping to identify those most at risk.

Endocrinology and nutrition specialists will have to face and lead important challenges in the coming years, arising from the growing prevalence of health problems specific to our specialty and the increased use of technology in diagnostic and therapeutic

processes. The relationship between basic and clinical research, the management of , new technologies applied to the management and transmission of information and to the diagnosis and treatment of diseases, and the greater role of patients in decision-making and self-care of their disease are the critical areas for improving the efficiency and effectiveness of the endocrinology and nutrition professional. In the specialty's 2018-2022 strategic reflection document — available on the society's website — a description is given of how in the coming years, in addition to strengthening the relationship with patients, we will have to face the clinical management of “sub-clinical patients or healthy patients”, with disease in very early stages, and participate actively in health promotion strategies.

Practically all scientific societies establish collaboration agreements with patient associations related to their specialty, and it is increasingly common for them to carry out joint actions aimed at achieving greater autonomy and empowerment in the control of their disease. The classic doctor-patient relationship has been modified, incorporating other health professionals and giving the patient, their families and society a different role, influencing clinical decisions, scenarios and the allocation of care funds, and in the not too distant future in the allocation of resources for research.

We're all potential patients, each with our own individual risks. Citizens and consumer associations are also important actors in this scenario. The protection of health and the prevention of disease depend, to a large extent, on the actions and decisions of each person with regard to his or her own diet and lifestyle. We citizens must be aware that the relationship between our diet and our lifestyle and health is "real" and decisive. We must, therefore, be responsible and make the right choices, to the extent that our particular circumstances allow. We must know and ask administrations to carry out health promotion initiatives.

The role of the Administration in the promotion of health is fundamental and must reach every citizen. As is the case in other areas, the actions carried out by the different administrations are not always well known and there is not always adequate coordination between the different levels: ministry, Autonomous Communities, town councils, etcetera. It is also the task of administrations to regulate and monitor the effect of certain environmental factors on the health of citizens. In recent years there has been growing concern about so-called "endocrine disruptors", molecules present in plastics and other elements that exert a hormonal effect and can favor some diseases such as obesity, cancer, infertility, and so on.

The Administration may favor coordination and facilitate the development of health promotion programs by companies related to food production, distribution companies and the food services sector, the modern restaurant industry and vending companies, following a specific and uniform policy.

In February 2018, the Ministry of Health, Social Services and Equality unveiled the Collaborative Plan for the Improvement of Food Composition and other measures. This is an ambitious initiative, promoted by the Agencia Española de Consumo, Seguridad Alimentaria y Nutrición (Spanish Agency for Consumption, Food Safety and Nutrition, AECOSAN), which ultimately aims to make the population's diet healthier. This project has been carried out within the lines of action of the Strategy for Nutrition, Physical Activity and Obesity Prevention (NAOS Strategy) and as a public health policy, the promotion of healthy nutritional habits together with the practice of physical activity, to tackle overweight and obesity, and is based on close collaboration between the public and the private sectors, including companies related to the production and manufacture of food and beverages, distribution and the restaurant industry, among others.

This commitment is based on voluntary modification agreements and offers a great opportunity for key actors to work

together to make healthier food available to the population, starting from production and manufacturing to distribution and the restaurant industry.

Distribution companies have an important responsibility. It depends to a great extent on them whether the population has one food or another. Their commitment can encourage the offer to include healthier products. On the other hand, they can collaborate in information and educational actions for citizens on the characteristics of an adequate diet and lifestyle.

Some concrete actions along these lines include:

- Promoting the training of people who personally attend to citizens, so that they contribute to spreading knowledge about the relationship between food and health.
- Being aware of their social responsibility to make the “shopping basket” healthier.
- Helping families with fewer economic resources to have access to a supply of healthy food and beverages at a reasonable price, in order to reduce inequalities in access to adequate food.
- Promoting concrete actions that help to improve nutritionally the diet as a whole.
- Facilitating healthy food and beverage choices.
- Contributing to strengthening the population’s preference for less sweet and less salty flavors.
- Making known the “good practices” they carry out in their surroundings, so that their experience and results can facilitate their implementation in other settings.

The media must recognize their responsibility and the importance of the messages that reach the population, which are often contradictory and some without any scientific basis. They should ensure the credibility of their sources and not echo sensationalist news, so frequent in nutrition-related issues. There are plenty of examples.

In the educational environment, architecture and urbanism, and means of transport also play an important role in health promotion.

Food and health in sick people

I would not like to end these reflections without referring to the importance of food in sick people. I think this is a point where the institution I represent can contribute significant value. The ageing of the population, the change in “how people get sick”, with a decrease in infectious diseases and an increase in chronic pathologies, together with the greater survival rate in some diseases, such as cancer, contribute to making the percentage of the population that has

some form of illness ever larger. And these people, these consumers, need to take care of their diet to control symptoms or their own illness.

Illness increases nutrient requirements, can affect intake, absorption, or metabolism, and favors the development of malnutrition.

Its etiology is multiple: it depends on the patient, their pathology and treatments. But also the hospital environment, health care and the importance attached to this problem by clinicians and administrations. Malnutrition increases mortality, the risk of complications, increases the risk of iatrogeny and deteriorates quality of life. And it increases health spending. Diagnostic tools are available to identify nutritional risk, which should be used universally and adapted to the clinical environment.

Nutritional assessment and management should be part of the overall management of every patient.

Dysphagia, or difficulty in swallowing, is an example in which dietary treatment is of fundamental importance. It is a high-prevalence issue, which is a major health problem, leads to serious clinical consequences and alters the quality of life of those who suffer from it, but often goes unnoticed. It can be a consequence of age — presbyphagia — or be related to some diseases: neurological, the oral or esophageal cavity, etcetera.

Health professionals, the media, administrations, patient associations and, of course, food production and distribution companies must be aware of the magnitude of this problem in order to help identify it early and facilitate treatment.

Food and Health in the Future

Peter Brabeck-Letmathe

Chairman Emeritus, Nestlé S.A.

*Study the past if you want to define
the future.*

Confucius

*Life can only be understood by looking
backward to the past, but it can only be
lived by looking forward to the future.*

Søren Kierkegaard

The future is unknown. But not always. These two quotes from two thinkers so different in origin, culture and epoch point to this fact: the future is perceived and can be anticipated through the study and analysis of the past. And also of the present. And this vision of the future, through what has happened in the past, is more than accurate in the field of food.

Over the course of history we humans have changed our way of life and organization. These are called social changes. Social changes that are reflected in various aspects of our lives: how we live, how we work, where we live, how long we live, how we organize our time, what we want for our future and what we eat.

We change our lifestyles and thus too the needs and expectations that humanity

will have in the future. Today's changes define tomorrow's trends. Therefore, if we study and analyze what is happening in our world today, we will know what tomorrow's needs will be. This is what is known in marketing and sociology as trend research. And if we know the trends of the future, we can act now to respond to them when the time comes.

“Panta rhei — everything flows.” This saying by the Greek philosopher Heraclitus defines well a guiding principle for trend research. The changes and transformations that take place in the depths of society are like ocean currents, they become great forces. Trends change the world slowly, but they do so in a fundamental way and over the long term. People do not perceive this in a clear and forceful way because we are part of this flow and change.

Diet is one of people's most important needs and is aligned with this guiding principle. In the past, social changes have affected food consumption patterns, to which the food industry has adapted. As a food industry and, therefore, as a

party responsible for feeding people, the social changes and megatrends taking place today are the basis for setting our challenges for the future.

In the 19th century, food needs focused on obtaining basic foodstuffs. The development of the economy and growing prosperity changed these needs, adding the pursuit of pleasure and variety in food. In the 1990's the search for health through food appeared. This is a trend that defines a relationship that no one questions anymore: the relationship between food and health. A trend that in this 21st century has evolved and is embodied in the concept of nutrition and wellness.

Today's society is undergoing a process of transformation. Everything flows, as it always has. And some of these transformations impact and will impact the needs of consumers and how the food industry must act in order to respond.

These are some of the social transformations that are taking place in developed countries and that define our challenges as a food sector.

The world's population is constantly growing

There are currently 7,444 million people and in 2050 there will be 9,700 million.

We live longer and, consequently, the population is increasingly older.

Globally, life expectancy in 1820 was 26 years, compared to 71 years in 2013. By 2020, one in five people will be over the age of 65. And in 70% of developed countries there will be more people over 50 than under 50. There are currently 841 million people over the age of 60 worldwide. In 2050, this number will reach more than two billion. But we are not talking about an "old and inactive" population. In developed countries we are talking about an active population, with purchasing power, informed, mobile and connected to new technologies.

A population that will need health care and medical attention. Health care which represents rising health costs and which we already know can be reduced through prevention. In other words, through better nutrition.

Chronic diseases have increased

A chronic disease is one that needs to be treated for the same condition for at least one year, at least once every three months. Chronic diseases include diabetes, cancer, obesity and cardiovascular and respiratory diseases.

In the United States, chronic diseases — including cancer — cause seven out of

ten deaths each year and account for 86% of total national spending on health care. In 2050, according to the United Nations, more than 20% of the world's population will be overweight: 1.94 billion people. In 2008, 80% of deaths from diseases other than communicable diseases were due to cardiovascular disease, cancer, chronic respiratory disease and diabetes. And these parameters are not only occurring in industrialized countries. On every continent except Africa, the number of deaths from chronic diseases now exceeds those caused by communicable diseases.

These diseases are related to our lifestyle and some risk factors such as smoking, alcohol consumption, sedentary lifestyles and poor nutrition. Unlike decades ago, we now know that diet impacts quality of life, optimizes health and prevents disease.

Another trend that poses one of our challenges is a growing awareness of health

A growing awareness on the part of the consumer, more and more oriented towards a goal of healthy living. Today's consumer, as well as that of the coming decades, wants health and longevity. In the future we will feed ourselves differently. Our consumption habits in the next

twenty years are going to change much more than they have in the last sixty years, due to the increase in prosperity and wealth, the availability of information and the technical possibilities of production that are being developed, some unthinkable a few decades ago.

These transformations are therefore the basis for working now on our challenges as a food sector: the development of a diet and the promotion of nutrition habits that prevent and treat 21st century diseases, responding to the consumer's quest for healthy nutrition. But it must also be personalized nutrition, affordable and respectful of natural resources. On this path, we must not forget sustainability criteria such as the conservation of resources and environmental considerations.

In short, we must provide society with personalized, sustainable and affordable nutrition as a tool for disease prevention and as a tool for a better quality of life.

We are already working in this direction by applying science and technology. To meet these challenges, it is necessary to activate changes, such as increasing agricultural production and productivity, changing food processing and packaging methods, reducing food waste and waste products, using innovation to make crops less susceptible to stress, making better

use of water and reducing the use of fertilizers and pesticides.

All these changes are already underway and are being activated through research, technology and science. The food industry has already integrated concepts and areas of work and research such as epigenetics, nutrigenomics, Big Data, molecular biology, bioinformatics and genomics, among others.

We are in the era of the development of food science. A multidisciplinary and integrative science that must deal with food and beverages: their nutrients and their interaction with the biological, social and ecological systems that compose them. The goal of food science must be to contribute to a world in which present and future generations can take advantage of their opportunities to live in good health and also to develop, conserve and enjoy an increasingly diverse environment.

On this road towards 21st and 22nd century food, where science and technology are the protagonists, the food industry cannot and should not act alone. Collaboration and a more inclusive perspective are needed. The pharmaceutical industry, the medical sector and the health sector must be integrated into this path. But also sectors such as distribution, retailers and

the hotel and restaurant industry. Collaboration is necessary as well as large economic investment. The aim is to provide transversal responses to transversal needs.

And, furthermore, since food is a personal and individual decision, the consumer cannot be absent from this roadmap either. We must help raise consumer awareness, inform and guide them, and we must be able to offer them personalized answers. For example, and thanks to epigenetics, we already know that our health depends on the genetic information inherited from our parents, but also on the influence of our surroundings and the environment on our genes, and nutrition throughout our lives is an important part of our environment as people. One of the goals, among others, is to work to create diets and nutritional compositions for specific population groups and to incorporate criteria such as lifestyles and the environments in which they live. Our approach to nutrition should be to identify groups of consumers with the same health status and lifestyle and who are at the same stage of life, in order to more easily design a personalized diet for each of them, for example, the population group over 60.

But we must also incorporate other marketing criteria into these nutritional

objectives. We can no longer present specific food products for people over 60 as products for the “elderly”. As we have said before, the lifestyles of those over 60 are not the same as they were fifty years ago. The future “sixty-somethings” will have lifestyles not very different from the “thirty-somethings” of today.

At a global level, the 21st century consumer is an active, technological, committed, responsible, expert, informed and unique agent.

As we have already mentioned, the world has changed over the last two hundred years. Although at the beginning of the 20th century agriculture played a leading role in the food value chain, this role has gradually shifted to manufacturers and distribution. These sectors are now closest to the consumer and we are therefore key players in providing the answers to their nutrition and health needs.

The consumer is the priority for the food industry and for the distribution sector. And if we want to act from the perspective of personalized nutrition as a tool for prevention in health, and as a tool for a better quality of life, we must act together. Our goal with respect to the consumer is the same: to offer, to inform in an effective way and to raise awareness. And we cannot make this change in consumer

habits solely by means of the product — nutritional information on packaging — or from information at points of sale.

Such awareness-raising and education activities now go beyond these channels, for example, they are carried out in schools.

On the other hand, we can already predict that the use of technology and the boom in the search for personalization will set in motion new channels of communication and interaction with the consumer.

Today there are already more mobile devices than people in the world. There are more than 97,000 health apps, 70% of which are targeted for patients and consumers and 30% for professionals. The “internet of things” is no longer just a concept but a reality. It is estimated that today there are approximately 8.4 billion connected devices in the world and by 2020 the figure will rise to 20.4 billion.

E-commerce is gaining ground globally. A study¹ predicts that the sale of fresh food on the Internet in Spain will multiply by six in just two years. According to these forecasts, the marketing of food products will represent between 4% and 6% of the share in the food sector in 2020, compared

1. Report by the Oliver Wyman consultancy published in 2018, <http://www.oliverwyman.com/our-expertise/insights/2018/apr/mro-survey-2018.html>

to just over 1% at present. It is the fourth industrial revolution, and it is the most complex to manage because it merges the physical, digital and biological worlds.

As a food industry, in the past we have confronted the challenges and social changes that the world has faced. And now, we already know the future, and it's

near at hand. The time has come, once again, to think about how we must respond and to act collaboratively. We're part of this flow. It's part of our responsibility.

*I never think about the future,
it arrives pretty fast.*

Albert Einstein.

3.5

Knowing Each Customer

Imanol Torres

Project Manager in Marketing

Itxaso Cuesta

Director of Eroski club

Fernando Arrillaga

Head of Customer Knowledge

Yolanda Azagra

Head of Customer Loyalty

Chaos is merely order waiting to be deciphered.

José Saramago

In magazines, blogs, books, specialized social network profiles and other forms of marketing communication it is common to come across the term personalization, which is nothing other than the extreme version of market segmentation. Since the development of relational marketing theory in the 1980s, and Peppers and Rogers published in the early 1990s their first book dedicated to one-on-one marketing, companies from very different industries have gone down the road of specializing their proposals, adapting them to the needs and preferences of their target audiences, albeit with different degrees and speeds.

Retail has not been the most notable industry in terms of segmentation and personalization, and this is also true in the food distribution sector. This is despite the fact that distributors often store a large amount of customer information that would have allowed them to do so. A growing and rapidly expanding demand called for another type of strategy, but times have changed and companies are paying more attention to their different customers. If before our actions were inspired by past behaviors, now we have to develop them based on customer behavior in real time. We move from descriptive to predictive and prescriptive analysis, from physical contact channels to digital channels available 24 hours a day, 365 days a year.

This change has been caused by a competitive situation in which demand is not developing at the same rate as it did in the past, contrary to what is occurring with supply, which is increasingly larger and more qualified. This has meant that plans to win new clients have given way to others aimed at holding onto and winning the loyalty of existing customers, especially those of greater value. To this we must add that the current consumer is a more fragmented consumer and difficult to classify, that the factors on which market segmentations were traditionally built are less and less important — a segment made up of retirees whose consumption behavior is quite similar to that of millennials, who would have predicted it? — and the market segments are less durable as such. And, of course, we must not forget that today's consumer — more empowered than ever — is very demanding because he or she is aware of their value.

Some companies are better able to address the challenges posed by this panorama, and ours is one of them. Ours was the first major Spanish food distributor to believe in the importance of customer loyalty and this led us to be part of the Travel Club multi-sponsor from its start twenty-two years ago. During this time, this program has generated an emotional bond with consumers and, more importantly, has allowed us to get to know our clients better by providing us with an unbeatable platform on which to build our new relational marketing strategy, which finds its best expression in the current Eroski club.

Eroski club is not just a loyalty card like many others, if it were so, it would not have enjoyed such a successful trajectory despite its young age. It is a tool that allows us to know

our customers deeply in order to classify them in homogeneous groups in order to adapt our offer to their particular needs and preferences. To have a high percentage of our sales with name and surname means to have a small treasure, to be able to act in a direct way. During

HUMANIZATION

Maybe we should start talking less about segmentation and more about personalization of the relationship. Or, even better, the humanization of the relationship, with the help of technology. For this reason, perhaps, the concept of (hyper)segmentation has remained somewhat outdated, typical of another era with greater technological limitations. In the context of a company like ours, where the number of customers is measured in millions, and the number of interactions per customer in tens or even hundreds per year, the answer to this question will be very important. In order to be able to treat each person individually or at least try to get close to this, basically three questions are necessary:

- The heart: we have to accumulate information in such a way that it allows us to know it.
- The brain: you have to have the analytical capacity to be able to obtain knowledge from that information.
- The muscle: you have to have biceps to be able to treat each client individually.

offer a true personalized response and interaction and to achieve a new business perspective that focuses its strategy, resources and efforts on achieving this.

Today's consumer market is pluralistic, heterogeneous and dynamic. Large socio-demographic variables are losing strength in determining the types of consumers, while psychographic factors are imposing themselves, especially lifestyles. Foodies, techies, runners, vegans, hipsters and freaks are denominations of consumer groups that share a lifestyle associated with very specific consumption habits. An interesting aspect of the proliferation of these social groups is that they are capable of setting trends; another is their transversality, which

the last five years we have dedicated the necessary efforts to know our customers in depth, to know who and how they are and how they behave. We have achieved this thanks to the fact that we have earned their trust, a reality demonstrated by the fact that the number of members of the program is constantly growing and that they continue using their loyalty card every time they shop, in a symbiosis in which both parties win.

But from the very positive present reality, we must look at the future challenges to which the evolution of the consumer will lead us — the reflection of a society immersed in a profound transformation. Having adjusted the story to the subject of segmentation — or hyper-segmentation —, we face four challenges: to move beyond the phase of market segmentation until we reach personalization, to be able to respond to the needs of an extreme segmentation that involves commercial and marketing tools — traditionally less called on —, to



Launch of the member's card in 1977.

borders on the traditional variables that determined their belonging to one or another group. And if matters were not already sufficiently complicated, it turns out that the same consumer may well belong to several of these groups, or can migrate from one to another without any hesitation following new trends. It's the liquid world Zygmunt Bauman has described to us.

The retailers' response to this new, almost unclassifiable consumer is to make individual observations. And in this digital customer era we know more. In addition to what they buy, we know what they find interesting about what we publish on the Internet, or if they read our emails, if they are receptive customers to our digital proposals (buy online, use the app, etc.). It is because of this new situation of being able to link so many different data of a client and to be able to create many more groups that we speak of micro-segmentation. The new technological tools already make it possible to harvest and process the information needed to identify the different individuals. The ability to put this information to work and thus turn it into knowledge remains to be achieved. The advance in data science has allowed us to evolve and implement actions that are already marking the present and, above all, the future:

all those that are based on patterns of behavior to which we define a series of actions. We are talking about basing ourselves on predictive analytics, on techniques that allow us to foresee when a customer gives us clues of abandonment, or when it's time to buy a certain product, or to identify the products that you might be interested in because others like you buy them — among the models of recommendation, the most famous is Amazon.

IN REAL TIME

The digital advance has led us to another challenge. If up until now we have said that the proposals' success lies in correctly choosing what we offered and the client to whom we offered it, now we must be able to act with the client in real time. System limitations have meant we cannot update proposals according to how the customer behaved in the store, ie, there has always been a gap when delivering the next action, but now we must overcome this more than ever because there is a channel, the app, which allows us to know when the customer is in our store and requires us to adapt to improve their experience in it, with us. We will move from a deferred relationship to a real-time relationship, in which the customer's own actions will determine our response. From propositive marketing to a reactive one. From "I'm proposing something for the next fortnight" to "I think you might be interested in this right now". When we talk about real time relationships we are talking about digital media and direct contact with the client.

Questions, questions

Segmentation in our business consists of grouping together customers with similar profiles and for these groups to be different from each other. One of the most important keys is to ask the right questions for the different data; this is undoubtedly the element that makes the difference if we want to use what we know about the client in optimizing resources. The list of questions that give rise to different segmentations is infinite and with what we know about our customers today we can only do more. Here are a few questions with which we have tried to understand our business:

- Who shops us? The behavior of the different types of households, according to the age of the cardholder or gender, is socio-demographic in nature. In this sense, it has also evolved by incorporating psychographic variables, those that bring us closer to a lifestyle or different attitudes. We must resort to somewhat more complex techniques because research is needed based on surveys or other formats, which we then have to translate into our databases.
- How do they shop us? Whether they make daily purchases or once every two weeks, or whether they only make complementary purchases.
- What do they buy from us? Whether they buy fresh produce from us or not, whether they are buyers of our own brand, or whether they are interested in local products.
- How much do you buy from us? If they are loyal, or share us to a greater or lesser extent with others.
- When do you buy from us? Where do you buy from us? What is the customer curve like? Whether they are new clients, or mature clients, or have started to leave us.



Launch of Eroski club with exclusive advantages for members in 2014.

Advances in direct marketing tools in recent years have been enormous. Two are worth noting: the increase in contact channels and process automation tools that make it possible not only to determine the most appropriate content, channel and time to contact the customer, but also to interact with him or her responding to their specific needs for information or service. It is important that we equip ourselves with the technology that allows us to manage a large volume of possible actions so that we can deliver them to our customers according to the appropriate algorithm.

We have so many things to tell them that we could send them a daily email, but we must think very carefully about how we do it, because this development opportunity cannot mean abusing their trust. Probably we all live a duality in this regard: we love that companies know us, anticipate our needs and spoil us, but at the same time we are terrified of all the things they can find out about us and the possible consequences if this information fell into the wrong hands. Cases of misuse and manipulation are multiplying around us, and social sensitivity and awareness will increase. Our response to this duality is simply to work hard to know the customer, but only to their advantage, and acting with honesty and transparency. And for them to perceive it that way.



Launch of the Eroski Club Gold Card in 2018.

Other commercial and marketing tools have not advanced at the same pace in this customization of the offer. The adequacy of the product range, promotions, portfolio of store formats, the design of these, services and even prices, which are currently governed by rigidity, will in the future be much more flexible to adapt to the multitude of different cases that distributors face. The store designed by the distributor will cease to be the unit of measurement that conditions everything else and will transfer its protagonist role to the consumer himself.

And this, transferring the protagonist role to our consumers, implies a radical business transformation. There is no section of business management that will not be involved in it, starting with the business leadership and culture itself. Nor can it be a departmental project, but rather another transversal project led by the highest management that must act with conviction, coherence and farsightedness. If this happens, the company's outlook will change, the reality will be what its own customers see, and the resources and efforts will be available to their satisfaction.

We were born to better defend the interests of consumers, for half a century we have distinguished ourselves in this endeavor in many ways and today we know that we cannot speak of a non-specific consumer if we want to continue serving that purpose. In recent

years we have made an important leap forward in terms of business vision and strategy, but also in terms of tools and plans to be able to adapt to the new needs of so many different types of consumers who make up today's society. We are also convinced that we have only just begun, because we still have many projects — and very important ones — to undertake, and because the evolution of our consumers will show us the way and the extent of what is required. Being close to their interests and tastes will keep us being different.

LOYALTY

Many years before almost everyone else, we had our own loyalty program: the quota partner program, with cardboard cards and in-store listings. This archaic program early on showed our willingness to invest in the best customers, not to treat them all equally, which is the basis of any loyalty program.

Our alliance with three large companies from different sectors (Repsol, BBVA, Iberia) created the Travel Club card, which was an innovation in our market twenty-two years ago, because it was the first non-payment card that allowed cardholders to automatically add points when making purchases in a large number of stores adhered to the program, points that could then be exchanged for gifts and travel. Thanks to the efforts of everyone, and especially the teams in the sales centers, it quickly achieved sales penetrations of close to 80% in our area of greatest presence. And, in addition, it gave us the possibility to start accessing personalized information on each client: how much they bought from Eroski – and our allies –, what products, in what sections, how often, what degree of activity or inactivity they had with us.

In 2002 we made the first segmented promotion in a store: when the customer swiped their Travel Club Card, the cash register would tell the cashier through a message which of the three colors of vouchers to select to reward their purchase. The segmentation was by expenditure, as simple as possible.

In 2004 we started issuing the first cash discount coupons.

In 2007 we launched the first customer segmentation project.

In 2014 we launched Eroski club, another innovative milestone in our market, with a differential value proposal and its own program that added to the advantages of the Travel Club program. A more personalized and relevant segmented marketing for consumer members, the integration of the payment card in the club with the most advantages for members with a more coherent joint proposal, Ekilibria as an example of a personalized value proposal that reinforces health positioning or the recent launch of the Club Oro (Gold Club), which rewards our most loyal members – a return to the origins of the quota membership program – are examples of success... And they won't be the last.

With the Advent of Big Data, Has Segmentation Become Redundant?

José Luis Nuño

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This is the question that many in the marketing community are asking today when they take into consideration the fact that, with the great abundance of data, the existence of high-performance statistical software and the presence of people scientifically trained to handle that software and files, the idea of providing descriptive clusters of data to better understand them — what in academic literature is called clustering or segmentation — may have come to an end.

By segmentation we mean the process of grouping our data into segments that share factors that make them similar to each other, but at the same time create different aggregations, segments or clusters. This internal homogeneity together with the heterogeneity between groups is the essence of segmentation.

In the consumer products sector, segmentation traditionally follows various criteria or bases, starting with the more classic ones, such as demographics, followed by values, attitudes and lifestyles or VALS — which would be the psychographic ones —,

or behavioral ones such as RFM: recency, frequency and monetary value.

When it comes to selecting a segmentation model, one must choose between supervised versus unsupervised models. In a supervised model the user predefines the number and dimensions of the segments and the model fits the observation into one of them. While in one that is not supervised the number of segments and axes is automatically generated by the model. The difficulty that the latter embody over the former is that in the absence of predefined segments it is necessary to infer the dimensions of the reading of the observations.

Chart 1 shows the difference between supervised and unsupervised models. In the former the point densities are made to fit within a predetermined axis. In this case we are dealing with three predetermined axes and in these three dimensions the observations that result in four segments are fitted.

In this case the segments are clearly defined that way, since the segmentation has first defined the axes or dimensions, and

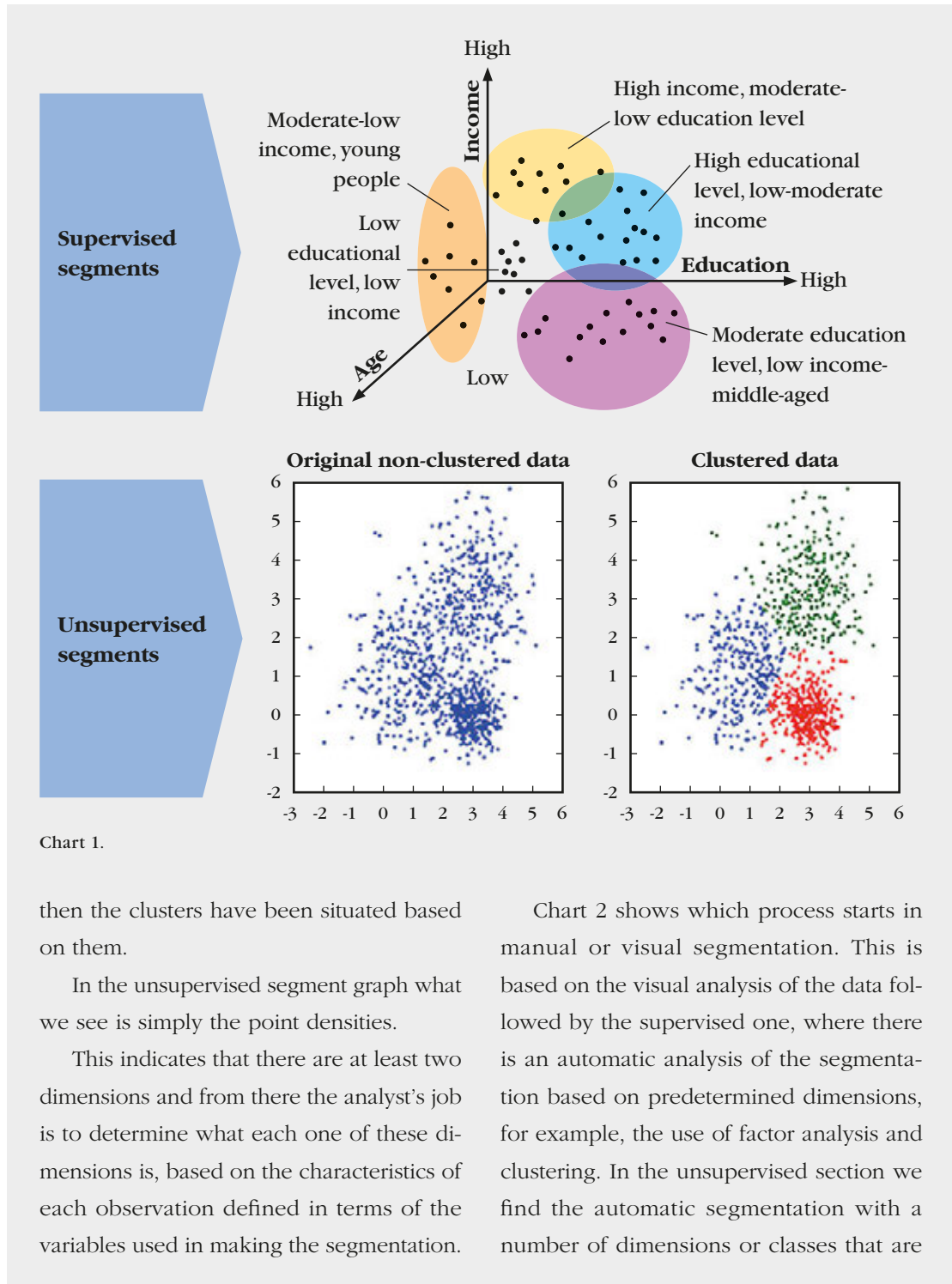


Chart 1.

then the clusters have been situated based on them.

In the unsupervised segment graph what we see is simply the point densities.

This indicates that there are at least two dimensions and from there the analyst's job is to determine what each one of these dimensions is, based on the characteristics of each observation defined in terms of the variables used in making the segmentation.

Chart 2 shows which process starts in manual or visual segmentation. This is based on the visual analysis of the data followed by the supervised one, where there is an automatic analysis of the segmentation based on predetermined dimensions, for example, the use of factor analysis and clustering. In the unsupervised section we find the automatic segmentation with a number of dimensions or classes that are

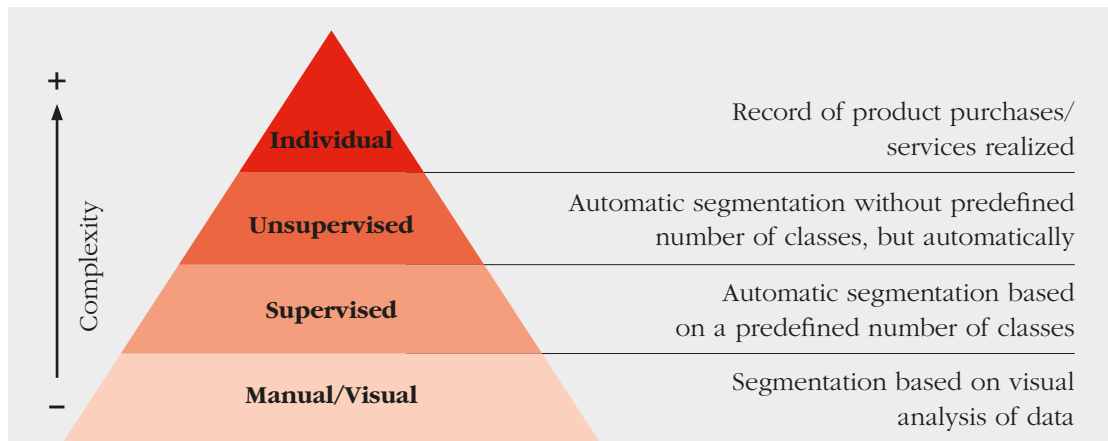


Chart 2.

not predefined and is carried out through statistical techniques such as Multidimensional Scaling (MDS). Finally, we have a class that we have called “individual” that would be this hyper-segmentation, the focus of this text.

From hyper-segmentation to personalization

This debate stems from the evolution of segmentation techniques. Segmentation techniques generally aim to select their target customers or to target and develop product offerings, and this is essentially what is called strategic segmentation. They also serve to adapt differentiated communication to be more relevant to each consumer category and this is called tactical segmentation.

From its origins, segmentation has gone from being massive to being hyper-personalized today. From mass segmentation,

marketing moved towards a “one versus many” segmentation, in which a generic product or service was targeted to several consumer segments. It then moved towards a one-to-one segmentation, in which a specific product or service targeted a specific consumer. To give an example to illustrate these trends, there is the case of the evolution of Coca-Cola. Coca-Cola was born in 1886 with the creation of a unique product, targeting a massive market, and this was its proposal for practically a century.

In the 1950s, Coca-Cola began to be exported all over the world and the recipe was adapted to local tastes and water quality. In 1982, practically one hundred years after the original launch in 1886, Coca-Cola Light was launched, aimed at a segment that wants to consume sugars in moderation, and this segment is predominantly female. In 2005, twenty-three years after the appearance of Coca-Cola Light, Coca-Cola

Zero was launched, targeting men who pay attention to sugar consumption.

In 2011, six years later, personalized cans with name inscriptions started to be launched, and this was a “one to one” segmentation by way of the can/packaging. However, this could be termed a segmentation of “one to one” by self-selection, since at the point of sale cans are placed with different names and consumers decide which is theirs, that is, it is not something that occurs based on an adaptation of the specific packaging for each consumer in the target, with 7,000 first names, or segments in this case.

In recent years, this segmentation has become more and more refined as companies are able to harvest large amounts of consumer information, allowing marketing experts to continually refine consumer segments.

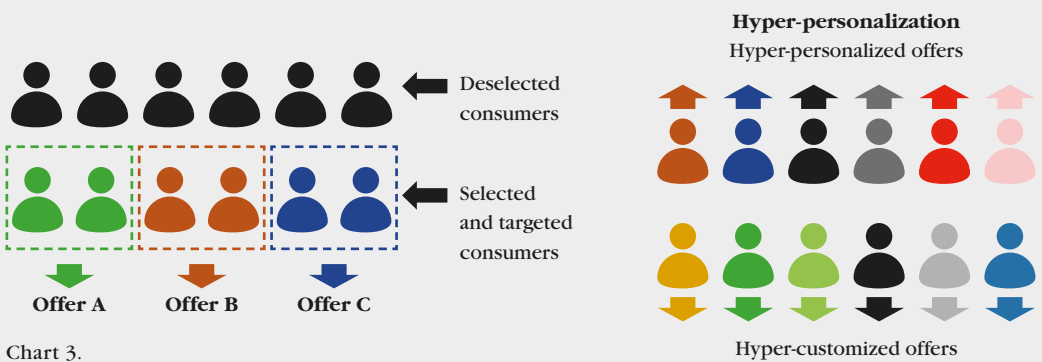
The growing group of consumers is making it necessary to generate more product selection as well as multiple variants to

meet the needs and expectations of each segment, and micro-segmentation no longer seeks to deselect a portion of consumers to concentrate on the service of one to some targets, but seeks to cover the full spectrum of consumers to meet the needs of each and every one of them. This is hyper-segmentation, also called personalization (see Chart 3).

So does it make sense to use micro-segmentation when it is now possible to target consumers in a personalized and individualized way? Here is where “hyper-personalization” appears, which leveraged in Big Data is the tailor-made, advanced and real-time offers, content and consumer experience at individual levels.

In short, we cannot segment as we did before because consumers are increasingly eclectic, so they do not fit into the rigid segments of the past.

Among these traditional segments, consumption habits are no longer homogeneous enough to form part of the same



segment, and tend to vary depending on other criteria. One of the barriers of hyper-segmentation is to generate segments that are large enough to be economically serviced by companies. This consideration is important in mass markets because this is where these economies are carried out at an efficient minimum scale. It does not make sense then to dilute these economies by making products tailored to each consumer if they can be tailored to sufficiently large segments of consumers.

For a consumer products company it is not viable to make products tailored to each consumer. However, this need for a minimum efficient economic size is more practically assumed in four circumstances.

One circumstance is the consumption of services; another is the consumption of experiences; a third is the consumption of varieties or range. And there is yet another case, which is when the consumer selection process is “mised” by co-creating products with the consumer — or with the belief that this is taking place.

In the case of service consumption, new technologies make hyper-personalization a reality. The abundance of available data makes it easier to work on them through the browsing histories of customers captured through cookies or so-called PDFP (Passive Device Finger Print), a sort of personalized signature that is obtained from

the infinitesimal manufacturing defects of the graphics cards of mobile phones and computers. Or through consumers’ geolocation details, captured from their mobiles, as well as the likes and comments they put on their social networks that allow brands to understand their preferences, lifestyles and consumer habits.

For example, in financial services hyper-personalization tools are used in cases such as when a customer arrives at an e-commerce site. This can establish that the customer is from a certain financial entity and that he or she has cards, consumer credit, or pre-granted credits available. The customer is shown a banner to remind them that they can use the loans or card, including recommendations to buy at online stores, and at the time of payment shows them the options associated with the card or loan activation. In this way, the e-tailer becomes a highly effective credit distribution channel, as it is personalized in subject and moment.

In the case of services, the options are practically unlimited and it is possible to deliver a product with the physical product being the only barrier.

Something similar happens with experiences, which are like the services and processes in which the subject intervenes in their execution and, therefore, can be made to measure without the risk of incurring in diseconomies.

The third case is that of selection and here we refer to the possibility of customization based on the combination of varieties of existing products. By this combination we mean the fact that each of the “references” has been reached through a manufacturing process that responds to efficient economies of scale. But each of the lots that are formed is nothing more than something that responds to information that one has about how the consumer combines these products on other occasions. This would be the case of subscription or “shopping basket” models, which occur in the case of e-commerce. A given consumer buys a list of frequent purchases and repeats it periodically, so that the algorithm of the e-commerce company collects that selection of assortment tailored to the needs reiterated by the consumption of that subject, as well as the repetition with which that consumption is carried out and subscribes to the consumer via that type of purchase. In fact, sometimes the retailer applies discounts to the products most frequently purchased by the individual, with the aim of winning their loyalty, not to the product but to the list.

This is the typical case seen in Amazon’s One-Click purchase, or Amazon Dash Button or list purchase, and in so many subscription-based shopping systems. In this case, made-to-measure comes from the combination of the references and not from

the made-to-measure of each of the references themselves, but it can be understood as an example of the process of hyper-segmentation.

This case can also be taken as an example of what we have called co-creation. The list as such is the result of a tacit co-creation between the consumer and his e-commerce provider. The consumer arrives after a series of repetitive purchases at a shopping list that he considers sufficient to reflect his aspirations and expectations.

This co-creation is, in a way, real but with repetition it becomes a fiction, since the list was created a first time and it is doubtful that the consumer’s needs will not evolve over time. However, if the supplier gets the consumer to think that their needs — changes or not — remain the same, or for some reason prefers to believe so — to escape the excessive expense of impulsive consumerism —, then in that case it is still a valid co-creation.

Personalization, however, is more than just refined segmentation. It also means over-adapting the product, service and experience to a specific consumption context. As always, it will be much more difficult to do so with the product than with the service or experience. In fact, consumers are constantly changing. They are not in the same mood and their consumption patterns may vary significantly depending on the time of

day they take place. Therefore, there is no longer talk only of hyper-personalization but of a contextualization, that is, to pay attention to each consumer at every moment in real time.

However, we always encounter the same problem and that is that customization is a reality in the generation of demand but not in the satisfaction of demand. The belief that a lot of information is needed to obtain high quality and relevant segmentation is exacerbated by the fact that the need for data is significantly greater in customization. The availability of data combined with new methodologies of information processing and analysis make possible and add predictive capacity, identifying consumers with a greater propensity to make a purchase and who can be reached through marketing targetization based on the ability to predict.

Limitations of personalization and challenges of perceived value

At the beginning of this text we wondered if all offers will be hyper-customized in the future and if marketing experts will stop using segmentation.

It seems quite unlikely that customization will simply end segmentation for each product or service. Classical segmentation seems indispensable as never before to be able to identify the segments of a brand and segmentation techniques make this possible

in a simple and realistic way, to see the situation and still take a role in the definition of the strategy, establishing and testing its premises, developing ideas and validating business plans.

On the other hand, there are three limitations in hyper-personalization that can lead us to believe that the use of hyper-personalization still belongs to the world of possibilities and not to reality.

There are limitations on the use of personal data: there are still limitations on the human ability to process and understand large amounts of data and their models — modeling — and there are also those limitations mentioned above, economic limitations and the risk of dilution of marketing and communication efforts, along with the possibility of the disappearance of economies of scale.

As of May 25, 2018, the General Data Protection Regulation (GDPR) imposes new limitations on the uses of personal information, or at least barriers to its indiscriminate use, and establishes authorization requirements. Most consumers today are concerned about sharing personal information and take precautions to minimize unwanted access to that data.

Second, the implementation of customization tends to extend cases to infinity, for which data models are needed that are not yet available. Finally, personalization also

faces certain limitations; segmentation should facilitate targeting of some segments by balancing investments and ensuring profits.

Therefore, personalization is in the works. In both the retail and services sectors, it seems more like hyper-contextualization, in which personalization is carried out through services and the experience of consumption and not in product content,

the latter being economies of scale that introduce rigidities in the possibility of adapting it excessively to each consumer. Brands must first carry out basic segmentations and then construct behavioral information on top of these socio-demographic criteria, finally culminating in a personalization that never replaces traditional segmentation, but complements and perfects it.

3.6

New Technologies: Promises and Challenges

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*Open your arms to change,
but don't let go of your values.*

Dalai Lama

We are living between the third and fourth industrial revolution, led by technologies that a quarter of a century ago seemed like science fiction and today are transforming our world and our daily lives in all its aspects, including shopping and consuming. Technologies that at the end of the last century were labeled as new are today used by the vast majority of the citizens of developed countries, and they are being replaced by others whose possibilities both amaze and overwhelm us. Terms such as Big Data, chatbots, the Internet of things or virtual reality feature in general media spaces and even in everyday conversations.

High-speed Internet access, the ubiquity and immediacy provided by smartphones and the emergence of social networks have transformed the relationship between consumers and brands and have profoundly changed the rules of the game. The degree of empowerment of today's consumers is undoubtedly the highest we have ever known. As buyers and consumers we have never had so much access to information, nor have we ever been able to buy practically any product marketed anywhere in the world, nor has our opinion been so important in the decisions taken by other people and in the actions of companies. We consume and shop differently in a process of transformation that has only just begun, and which will become faster and deeper thanks to this technological revolution and to the new generations of digital natives who are now beginning to have autonomy in their purchasing decisions, even passing on their behavior to previous generations, the so-called digital immigrants.

We are at the beginning of the consumer era, in which a hyper-connected and highly empowered consumer, aware of his or her progressively increasing power and as new solutions and services are born, digital or analog, has increasingly higher expectations and, with them, a higher level of demand. In this scenario, one of the main challenges is to understand — precisely — the paradigm shift in terms of the relationship with customers and other groups of interest. For a company like ours, which has been able to adapt its relational environment to this type of change — we must not lose sight of the fact that *Eroski Consumer* was a milestone in the digitalization of consumer information not only in Spain, or that Eroski online is a digital supermarket that began its operations at the dawn of e-commerce — this should not be a problem, but rather an incentive to continue fulfilling our mission of acting with and in favor of consumers, albeit in a different way.

The contacts with our clients will become more frequent and diverse, both in moments and in type of contacts and channels. The new digital channels of communication have not replaced the traditional ones, but have completed them. The result has been an expansion and diversification of the points of contact between brands and their customers. Today's permanently connected consumer demands an almost immediate response to any of their

needs. Immediacy is one of the signs of modern times; the leaders of the different industries have seen this clearly and have developed strategies based on shortening the response time as much as possible, raising in turn the level of demand of the buyer and, therefore, the pressure on the rest of the competitors.

Types of contact have also expanded thanks to digital technologies. Whereas in the past the purchasing process was linear and brands only interacted with their customers at specific points, today this process has become multidirectional, has expanded the number of participants and is no longer based on mere consumption of information, but on conversations. Consumers demand relationships with brands, products and services that are personalized, unique, on the one hand, and at the same time, they want to make the most of this experience. They want an extended experience, to be informed about and able to communicate with the brand and other consumers before the purchase, enjoying the purchase process itself, being informed and/or sharing in real time with family, friends or communities, and expressing opinions, recommending or sharing later the use or enjoyment of the product or service. These changes are what generate phenomena such as multi-channels, a relationship developed in a multitude of interconnected channels through which a single buyer navigates, using at all times the one that best suits his or her needs, be it communication or shopping channels; normally, processes begin in one channel and end in another, even passing through a third.

Early on we understood the false dichotomy between digital and analog consumers. For this reason we have been developing an ecosystem of communication channels that relate and complement each other to make themselves available to their recipients. These will grow, change, disappear and be replaced by others, but always because consumers and customers demand it, and based on the key feature of encouraging the greatest possible number and diversity of contacts to continually add value to the people who approach us.

The customer's experience, which goes beyond the shopping experience, will be much more integrated. Once again, the consumer is the engine of change: aware of their importance for companies, willing for them to have access to their personal and behavioral data, and active users of the different communication channels, they demand in return a coherent, consistent and real-time business action. A response that lives up to its promise, fast and smooth, lays the foundation for a relationship of trust, and this is the kind of relationship we want to build with our customers, with our partners and with the consumer in a broad sense.

Our relational marketing policies have allowed us to accumulate a great deal of knowledge about our customers, which will be increased with new tools such as Big Data or machine learning. Our unquestionable vocation is to put this knowledge to work in favor of consumers more and more sensitive about their privacy, in spite of which they accept that



Inauguration of the Eroski Classroom at the Engineering Department of the Universidad de Deusto, 2016.

the companies handle data that concern them as long as it brings them benefits and not for spurious aims. We will make sure this information serves to anticipate their needs by having a unique vision of each and every moment.

A personalized proposal is an unquestionable message about the company's vocation to recognize the people with whom it relates. This adequacy of products, services and content is complicated in industries in which the client portfolio includes hundreds of thousands of people, if not millions, as is the case in commerce. However, the strength of this message that elevates the emotional connection between brands and consumers is such that it is worth making every effort to achieve it. New digital technologies open up a new scenario in which this maximum personalization is possible even in a large distribution company such as ours.

This digitized world is absolutely dependent on data, data from devices, but above all consumer data. A personalized value proposal is not possible without consumer data, it is not possible to apply Artificial Intelligence without data, it is not possible to provide improved

HOW MUCH WE'LL CHANGE

We have ahead of us an arduous task of re-modeling to become the Eroski of the future, which will be able to satisfy the demands of a generation of consumers that in 2030 will be made up of millennials and the Generation Z, that is to say, people with a high mastery of technology, who can handle four screens at once and who will have multiple applications that help them shop – comparing prices and showing their variations, for example. More informed and demanding, for them multi-channels will not be an option, but the norm, and as distributors we must respond to all levels without errors and more quickly.

The physical store will not disappear, but processes will be completely digitized. Digital catalogues will be used with a large number of low turnover references. The line of cash registers will become a minimum control point where the customer will not take their products out of the basket, but will make the payment with their mobile phone at the exit without waiting. We will have to learn how to manage our customers' data in the here and now.

Another essential issue will be efficient logistics. The consumer wants everything and wants it now, so we must prepare to have an increasingly wider catalog of references that are available in a minimum period of time at home.

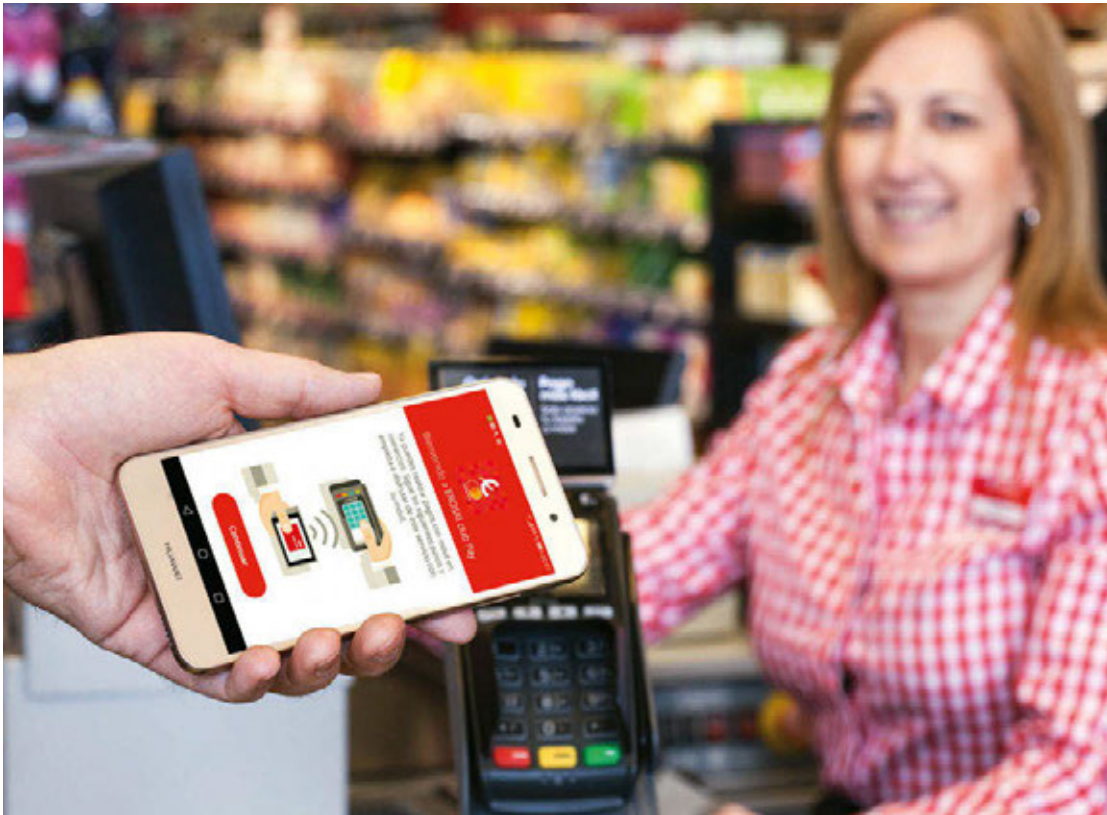
And we can't forget to generate new business models. When we generate an internal solution for Eroski, we can extrapolate it and turn it into a service for other companies. We have a very high knowledge of the business, we will continue to have it, and our solutions could be valid for other smaller ones or for suppliers. Part of our task will be to innovate in services and make them available to others.

solutions without knowing the behavior, the tastes of consumers.

Soon we will have to overcome customization based on consumer segments to build another that serves each individual. This will be possible thanks to the large amount of data from our customers that we will be able to capture at different points of contact and by different means, and process thanks to autonomous machines that analyze, conclude and order operations. Personalization will include not only the content — the answer itself — but also the most opportune time to offer it, the most opportune channel and the context of the interaction. We understand that each customer is different at each point of contact because their needs and preferences vary from case to case, and we will develop an activity based on winning micro-moments with the customer through context marketing.

The relationship between companies, brands and their customers is increasingly experiential also thanks to new digital technologies. In building a great customer experience there are two big focuses to emphasize: convenience and emotion. The goal of the first is to improve the shopper's equation of value lowering their cost in time, effort or money; and the second involves improving this equation by generating positive and lasting emotions.

If we look at convenience, thanks to new digital technologies companies can



Mobile payment through Eroski club Pay.

offer more relevant content and new services that are permanently available and which add value to their customers and expand the field of competition beyond product and price. On the more emotional side, new digital technologies enhance the shopper's experience in a sensory way and achieve phenomena such as the humanization of online shopping.

The new technologies will invade the sales rooms and be widely used by the shopper — whether it is technology installed by the retailer at the service of its customers, or shoppers' own technologies such as their mobile phones — but they will also extend to websites, mobile channels and other digital channels, not to mention the hybridization of analogue channels increasingly present thanks to enhanced and mixed reality. It is not easy to predict today which of the two aspects of improving the customer experience will be more important in improving the relationship with the consumer, but it does seem that both have a role to play, or at least that, from the outset, both should be contemplated. This is our approach: to put these technologies at the service of a better experience as a whole by following the path shown to us by our customers.



“click&drive” collection point in Leioa.

Until now, we citizens have agreed to sell our data to companies, especially technology ones, in order to be able to use their solutions free of charge, accepting that they have an enormous amount of information and allowing it to be “sold” to brands, mainly in the form of advertising. Every day there is more awareness of this and users are waking up. It is foreseeable that they will demand more and more transparency and control over their data and the use that companies can make of it, rewarding those that are more honest and transparent. So the last feature of the new relationship between successful companies and their customers based on digital technologies is security. The sense of lack of privacy coupled with information security failures, which now take on planetary dimensions, encourages a consumer who is more concerned but at the same time willing to share his or her personal information if it is of sufficient benefit to them. This paradox of the modern consumer is passed on unfiltered to businesses, which are obligated to take responsibility for it and respond accordingly. The trust of their customers is at stake, and without trust no relationship is possible.

As if this were not enough, Eroski’s nature and its own history compel us to respond in this regard even above the expectations of our customers. We have always been particularly

scrupulous in complying with the legal framework, but we understand that we are bound to more than this. Our practices and policies must not be intrusive because we understand that we relate to our customers and to the consumer because they give us permission to do so, and the way we interact cannot be what we consider optimal, but rather the way everyone prefers. It is not unusual, nor will it be in the future, for us to hand over control to our

A NEW WAY TO SHOP

The barriers between advertising and shopping, between communication and the store, are beginning to fade. Today you can see the first examples of this possible evolution: you can buy directly from an interactive advertisement in a magazine, from one on Facebook or YouTube, or from a content – for example, the dress of the protagonist of the film I’m watching – on smart TV. We are witnessing the beginning of one of the biggest disruptions in retailing, in which advertising becomes the store itself, and in which consumers may lose the awareness that they are involved in a purchase process as such because it simply happens, they see something they like, they press the button – or give the voice command – and they have it, without friction, agile, immediate.

A multitude of technological developments and startups are geared to search for this type of disruption in retail. Another example is Google’s launch in the first quarter of 2018 in the United States of the Google Shopping Actions service. This new tool may revolutionize commerce: with universal shopping carts, in one click from any Google content and through the virtual assistant. More than sixty North American distribution giants, including Walmart, have already joined the platform.

Other technologies are beginning to appear in today’s retail. Augmented reality allows us to live enriched experiences in a real environment. Virtual reality generates ultra-realistic images and sounds that simulate a real experience. The distribution sector is now beginning to use these technologies to signpost the itinerary of the shopping list on one’s mobile phone, identify products on offer on the shelf, identify products with some characteristic – intolerances, for example –, provide extended information on a product, see in a virtual changing room how a pair of pants would look when worn, or allow the consumer to virtually test at home how the furniture or television would look before proceeding to purchase it. The possibilities offered by these technologies, as well as the increase in investments being made in them, presages that we are approaching a scenario increasingly “phygital” – physical and digital – in which the real and the virtual are intermingled, allowing more experiential customer trips in any of their phases and through any of the channels.

This is not science fiction. It’s the commerce that’s coming. One in which even millions of sensorized products and connected devices, managed by a robust Artificial Intelligence, would free the consumer from the conscious purchase of a good number of products that we consume with certain frequency, which in essence are always the same. If the purchase of a product or service does not provide experiential value, why invest my time if technology can do it for me? We are probably already observing the first steps towards this future, supported by virtual assistants.

customers. And it won't be a symbolic control, but an effective one, with direct and easy-to-use tools that allow them to decide how, when and for what they want to interact with Eroski.

It is obvious that greater permissiveness in the contact will come as long as there are sufficient guarantees of security in the treatment of their data, but it will also depend on the value they perceive on their part. The greater the perceived value, the greater the trust, the closer, lasting and satisfactory the relationship for both parties, and in Eroski we cannot understand a relationship in any other way.

In our fifty years of history we have demonstrated a great ability to adapt to consumer requirements. In the near future, when they are more empowered than ever and when change is the only constant, we will have to redouble our efforts and develop new capacities that, together with the best solutions and external talent, will allow us to develop innovations that satisfy their needs at all times, creating a healthier and more sustainable future and making us their preferred store.

Innovation

Antonio Muñoz Beraza

Managing Director of AMC Juices and the AMC Group

The consumer as the center of innovation

In a free economy we are all both workers and consumers. As workers we earn a salary, usually linked to the value that others give to the work with which we contribute to the company. As consumers, we choose how to spend or invest the fruits of our work among the products and services accessible in our surroundings. In a free market, when someone buys something they are valuing the utility of the product over the price they freely pay, optimizing in their choice the offer that best suits their product concept and accepted price level. Therefore, the center of the free economy is the consumer and it is in their satisfaction that every solid business should focus. My grandfather, a pioneering farmer who founded our company in 1931, told his son, my father: “Other farmers plant what they like and then look for someone to sell it to. We ask what’s missing in the market and

that’s what we plant.” Things went well for him. He saw very clearly that the secret of free market success is consumer satisfaction.

How social networks help better understand today’s consumer

Technology is changing how consumers behave and relate: the world population in 2018 reached 7,593 million people, of whom more than half — 54% — use the Internet and more than 40% are social network users. Experts in digital transformation predict that in 2025, the Internet will flow in our lives like “electricity”, less visible but more omnipresent because everything will be connected to everything else. This technological revolution is transforming consumer habits and preferences at a dizzying rate, accelerating constantly... A few years ago, consumers spent more than three hours on average a day watching television and unilaterally absorbing the advertising presented by major brands. Today they watch much less television, above all they see much less advertisements, but they check their mobile phone 150 times a day — the average in Spain —, through

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which they interact directly with many other consumers, experts and influencers. The segment of the population with the most representative purchasing power of this digital profile is the generation of millennials, the population group between the ages of 16 and 35, which in the United States is already the generational segment with the most purchasing power and will soon be in Europe. In addition, millennials are the first generation in the history of mankind to teach and lead the trends of the older generations: the same young man who teaches his parents or grandfather how to use an iPad or Instagram, teaches them how to choose a new natural drink, or a new healthy, local, ecological snack. The phrase “we are all millennials...” has become popular. To succeed with this generation is to succeed in the market.

These new consumers express their personality through the food they buy. Previous generations identified themselves with other elements, such as clothes or brands: “I like Levi’s jeans, that’s me”... Today they identify with food: “I’m a foodie”, “I’m a vegan”, “I’m a flexitarian”...

Millennials have a “restless palate”, they seek innovation and continuous change in their choice of consumption. In this scenario, innovation becomes more important than ever, as a way of satisfying the modern and demanding consumer. This is a unique

opportunity for the food industry. Loyalty to traditionally established brands is shattered, with a consumer willing to open the doors of their curiosity to new concepts, tastes and products, new forms of two-way communication... It is also a challenge to retain them, because they can easily change from one product to another that better satisfies their desire to experiment and hop on new trends.

In order for our range of products and new launches to be successful, it is first of all essential to develop capacities and tools to closely follow the evolution of the consumer, their tastes, values, preferences, always in constant evolution.

In the recent past, before the explosion of social networks, it was necessary to implement direct specialized processes to understand consumer attitudes — their rational, emotional and behavioral components. The aim was to try to read and understand “the collective mind”, the set of hypotheses, beliefs and generalized attitudes among consumers. These were in continuous evolution, albeit at a much slower speed than today. This “cloud of beliefs” was virtual, a “state of opinion” to understand, and consumers had to be gathered around a table for expert sociologists to interrogate them for hours in order to extract the attitudes, interpretations and preferences of consumers in terms of the

alternatives and options of product, packaging, brand and attributes that would attract them. They were the famous focus groups, which were complemented with “quantis” studies based on direct questions to a large number of consumers. Through statistical significance, experts determined the likely interpretations, behaviors and reactions to the offer of new products, new flavors, new packaging. An expensive, slow and relatively unreliable process, compared to the options available today, accessible to everyone through the networks.

Social networks are a reflection of the “collective mind”, now material and tangible, measurable, not virtual as in the era of focus groups.

Alphanumeric algorithms have been developed that “comb” social networks, search engines and blogs. Millions of real anonymous conversations that tell us how the consumer perceives a product or service, whether with sympathy or antipathy, with what concepts and with what intensity consumers associate a product, with what attributes.

Word-Clouds, or digital semantic analysis, represent the investigated product or concept in a dimension proportional to its frequency or relevance.

Picture-Clouds do the same but with images uploaded to the network, another new form of communication. Graphic algorithms

process the photographs on the net and extract insights, such as whether the product is consumed in a group, as a couple, or individually and in what kind of occasions: celebrating something, doing sports, in leisure time, at work, at family events, etc...

Trend studies can show in time and space how a trend is generated in society: for example, our teams followed week after week the explosion of searches for Nutrient Dense Shots, 100 ml shot drinks in which we maximize the nutritional value of the natural bioactive component and minimize calories. The first “hairstyle” of the algorithm showed a significant level of searches on the American West Coast, specifically in California; search levels in the rest of the world were minimal. In the second reading, a few weeks later, the trend accelerated on the West Coast and began to appear on the East Coast. In subsequent weeks, the chart showed a peak in the United States and a start in London. Weeks later, the marketing team advised on the right time to enter Germany, when the trend was on its way but was still incipient and we could be leaders in innovation. As they say in marketing, “a new idea can fail both because it arrives too late and too early.

Data from different sources — company-specific market research, retailer loyalty card data, public surveys, Kantar, Nielsen, Mintel, Google Analytics, and even

emotional research data — are integrated into multivariable databases, which are analyzed with quantitative tools such as multiple regression analysis, cluster analysis, factorial analysis, or Bayesian network statistics. The conclusions of these analyses are tremendously useful in really understanding consumer behavior and expectations.

Marketing management is shifting from sociologists to mathematicians.

Design and creation of new products

Today innovation is based on the insights we obtain by analyzing the consumer. The focus of marketing has changed from being product-centric to being consumer-centric. Philip Kotler, the world-renowned professor of marketing at Northwestern University, famous for his “four P’s” marketing model (Product, Price, Place, Promotion) that defined the creation of a new product in the 1980s, has evolved to the new “four C’s” model (Consumer, Cost, Convenience, Communication). In the television era, the product was developed a priori and then through advertising the consumer’s perception was modeled so that they would like it and end up buying it. In the era of social networks, we begin by analyzing consumer preferences and from this analysis we design products, including the consumer in the process of creation.

Intelligent innovation, more than ever, is born from a deep understanding of consumer preferences. From this deep knowledge of the consumer, the concepts of product, brand and communication are designed with co-creation tools such as Design Thinking.

From mass media advertising to precision network communication

Once the product or service has been designed, its creation and design having been inspired and optimized by the knowledge — insights — provided by the networks, we must now move in the opposite direction: communicate to the target consumer the existence and characteristics of the new product, making them see that it is precisely what they want.

While traditional communication through television was unilateral and had a large indiscriminate impact, through social networks it is conversational, capable of establishing direct communication with more than three billion people through hyper-segmented campaigns — based on demographic and psychographic aspects — in a personalized, versatile and inexpensive way.

After the arrival of conversations via e-mail and instant messaging — Messenger or ICQ — social networks proliferated as an established form of communication. Today, one in seven people belongs to a social

network and accessing it has become a sort of routine in our multiple daily activities.

Users investigate a large number of sources, reviews, comments or comparisons of a product before making a purchase. Where? Precisely in digital media. The number of social network users increases as time goes by, and they are considered the best platform not only to understand the consumer better, but to communicate with them.

Contact through social networks is a tool that complements traditional communication, expanding and breaking physical barriers and even time zone differences that exist between cities in the world, which leads to the further development and growth of this medium.

However, in social networks there is more and more “noise”, so for a message to reach a greater number of people the communication must be personalized more and better. That’s why when you define a profile of a target customer — the buyer person — you can fine-tune the strategy through a customization of content marketing focused on each phase of the customer journey, optimizing media investment and increasing the effectiveness of each campaign in real time.

Will social networks replace the media? This is a question increasingly being asked by digital marketing experts. The conclusions of a study highlight that more than

65% of those interviewed believe that social platforms such as networks, blogs and participatory spaces may replace the media in the future.

Trends in diet

I do not want to end without summarizing some major trends relevant to the basic preferences of today’s consumer, especially in the area of food. Knowing them can be essential to commercial success:

- 60% of millennials, opinion leaders in society, give greater value to the experience of consuming the product than to the traditional quality-price ratio.
 - 95% of millennials trust the opinions of their friends and family.
 - 33% trust blogs or influencers.
- But only 6% consider advertising credible! (TV, radio, etc.).
- They give high priority to health and healthy foods.
 - They prefer handcrafted or handmade products to those manufactured by major brands.
 - They are willing to spend more on natural or premium ingredients.
 - 88% are interested in trying new foods and learning about their benefits.
 - They want to know how the product was produced and whether it is socially responsible.

- They prefer locally made products.
- They want natural or unprocessed products.

Interestingly, they are willing to spend more if the experience is satisfactory and if the product fits their values.

The process of understanding and successfully launching products has evolved enormously in very few years.

And what comes next?

Imagining the (very near) future

The future, with the rapid changes we are experiencing, is more difficult to predict than ever. But we believe that the most likely expression of the new era is “personalized food”. We are cooperating with Harvard University in the new nutrigenomic processes. Fast and inexpensive genetic tests are being developed that classify the genetic typology of the consumer and enable the development of high-precision and highly effective foods that take into account the DNA and lifestyle of the person consuming them. As we see in everyday life, there are people who “get fat on bread” and people who don’t, people who are lactose

intolerant and people who feel good about dairy, and so on with all the bioactive ingredients of food. A prior analysis and classification into typologies will make possible the development of precise personalized nutrition in respect to different foods and their effects on one’s health.

At the same time, there have been enormous advances in alternative microbiome-based classification. The diagnosis and knowledge of the microbiome, an indicator of digestive health and therefore of health in general, already allows us to recommend personalized products according to the microbiome profile of the specific individual.

Similarly, smartphone apps are being developed through which consumers, after analyzing their typology — genetic or microbial — via saliva or blood tests, receive recommendations on which products are suitable for their health and why... and can offer to send these to them after purchasing them online.

An important field of research and innovation in personalized, digital, global and real-time nutrition is opening up. As Confucius said, “interesting times await us.”

How Are We Going to Live if We Don't Have Time to Live? A Worse World, A Better World

Javier Rodríguez Zapatero

Degree in Economics and Business.
Executive Chairman of the ISDI Business School
(Instituto Superior para el Desarrollo de Internet)

I would venture to say that for almost everyone, the life they lead today is unquestionably much faster and more vertiginous than the one lived by their parents or even themselves when they were younger. This feeling is, in fact, an even greater reality than our own perception: we are not fully aware of that speed because we are immersed in it. As Einstein would say, the relationship between space and time, that is, velocity, is relative.

In just twenty years, our lives have changed as a result of technological revolutions far more than we can imagine.

How nice it was to win the love of your life by writing a letter in your own handwriting. Today you would possibly conquer your loved one in this way because of the originality of the medium, but almost everyone dominates the techniques of amorous conquest by WhatsApp or by being very perceptive in the comments of the stories of Instagram.

How thrilling it was to meet someone at a certain time and in a certain place making that period of waiting a moment of intense

reflection on the very fact of meeting to go out, to have a drink or simply to talk to a friend. Today we already know what time the friend will arrive if he has shared his location with us: there is no stress of waiting. There's no waiting.

How exciting it was to go with your parents to the hypermarket to discover new products, new sensations and new ideas that different companies strove to develop and put on the shelves. Today's technologies can even understand what it is you need and in just one click you have it at home in less than an hour: there is no more emotion of discovery.

And what do you say about those get-togethers to go to the movies with friends? Those moments in the queue, those moments after the film and those comments we all made together that were part of our weekend dynamic. Today you sit in front of the fifty-inch TV, you hit the Netflix button and there you have the recommendation of what you are going to like. And you end up liking it.

Many of us think that the most important thing is not the destination, but the journey itself. What happens on that journey is what shapes us as people and tempers our character. It seems evident that, almost without realizing it, we have entered a world in which the distance between the desire to reach one's destination and actually being there has been drastically reduced, and we are able to reach it faster than ever before.

It is very interesting for me to reflect on these issues because in my professional experience in companies in the digital world such as Google, and also in companies in the more traditional world, one of the conclusions that I have reached and that you may share with me is that if we are moving fast today, tomorrow we are going to move even faster: because never in the history of humanity have so many technological innovations come together at the same time that affect society, the individual, companies.

When I was asked to write this text, they suggested that I venture to describe what the world would be like fifteen years from now. This is a very complicated task because there are many technologies that will become part of our lives sooner than we currently think, and others that will do so later. Before venturing into this exercise, it is convenient to reflect on what today's society is like, where we have improved and what are the threats we must understand.

The world we live in today — fifty years after Eroski began its journey — is one in which modern society is already digital. The digital word in this case does not reflect a technology but defines in itself the era in which we live, and which succeeds the previous one, labeled “industrial”. I would venture to say that this revolution we are experiencing has already reached its peak, because if we agree that a revolution entails a change of power, it is evident that today that a spectacular change of economic power has occurred in which the five most valuable companies in the world are located on the west coast of the United States: between them they have more than 3.5 trillion dollars of capitalization (three times Spain's GDP), are growing faster than any other sector, and have box tickets for the future technological parties that will be responsible for the waves of growth in the coming decades.

We find ourselves in a society in which we unquestionably live faster and in which we can have more, know more, enjoy more, understand more and live better if we understand very well how to use the context. But it is also a time of growing differences between those who are digitally prepared and those who are not. A time when knowing about digitization allows you to generate value for yourself as an individual, for your company, or for the society closest to you. Not knowing the context leaves you

behind and with a terrible fear of something unknown and difficult to understand that only paralyzes you even more. Understanding this world is absolutely key: one of my greatest frustrations is seeing how business leaders and political leaders are content simply to protect what already exists and lengthen the period of survival. Their own, but not that of those who come after them.

Let's play at imagining what we're going to see over the next fifteen years and how it's going to affect us. There are quite a few technologies that are now golden brown in the oven and that we will go about incorporating.

Internet and digitization

These are already a reality and I'm going to spend less time here because we are already active witnesses of what it means to be beings connected to a telephone, which in turn is connected to the Internet, which we look at 300 times a day and that we never lose unless it is stolen. We are dependent on the Internet, but if we understand it we will also be great beneficiaries of it and it can make us faster, more efficient and wiser. If we are able to find the right balance we will enter a zone of digital happiness. To get there you have to understand the environment. The good and evil that have always existed also exist on the Internet, but they spread faster.

This digitization that marks our time is already affecting like a tsunami the most

traditional sectors of our economy. Many business leaders are not able to understand or devote enough energy to this phenomenon. We all know that it is much more difficult to transform than to start from scratch, which is why we cannot wait for things to happen. You need a will to change, a desire to learn, an illusion to leave something better after you, a lack of selfishness. Now more than ever, business leaders must learn to feel like children by using the vast experience they have developed to cope with these changes. The emotional return for them is perhaps even greater than the economic one.

Living on the Internet and also thanks to the Internet a technology is emerging that is now beginning to be fashionable but we still do not understand what its effects are going to be. I'm talking about blockchain. Difficult to understand, because it is confused with virtual currencies such as Bitcoin. Blockchain is a technology that makes it possible to permanently follow, validate and certify any transaction. It could be said, trying to simplify greatly, that what the Internet and digitization have meant for information, blockchain is going to mean for transactions. Imagine the amount of human and non-human value there is in the activities of certification, validation, traceability, tracking, transaction design. Well, in the near future this will be greatly simplified and will also mean a mini-revolution within the already assumed

digital revolution. Is so much public employment necessary in these areas? What role are notaries and registrars going to play with this technology? If contracts are going to exist and be developed in blockchain, what will happen to lawyers?

But the digitalization of society and business is not the only technological change we will see in the coming years. At the dawn of digitization, other trends are emerging that need to be looked at very closely. The one that most concerns me at the moment is the rapid and significant emergence of Artificial Intelligence as the platform on which all products and services of the present and the future are being developed. Artificial Intelligence could be summed up as the ability of computers and machines to reprogram themselves. In other words, they themselves include the hypotheses to be tested. But those hypotheses, handled in a Big Data environment, today can be many and dealt with in a very short time and those who have more data will be the ones who benefit most from the development of Artificial Intelligence. I still remember when five years ago I met a Google engineer working on Artificial Intelligence for YouTube with a team that was trying to identify a cat in a video: today, by means of Artificial Intelligence, if you enter the service of Google photos and search among the thousands that are saved there,

surely you will not only find a cat, but you will be able to identify any animal that you have photographed in your life and you will also be able to find other elements in your photos like happiness, sadness, joy, love ... In short, Artificial Intelligence is already able to introduce many starting hypotheses in the programming and answer them in a short time reaching conclusions that would possibly take a human weeks. Society is going to get used to being assisted by this type of technology and that means that from companies to institutions, everyone must be able to use them. Here I have many questions. How are we machines and human beings going to get on if they think faster? How are we going to regulate these relationships? I don't have an answer yet, but it is clear that the more experts know about this subject, the better we will be able to deal with these issues.

We are also entering a decade in which the confluence of innovation in disciplines such as medicine, biotechnology, nanotechnology and robotics applied to medicine will allow us to live longer and with better quality of life. Biotechnology now lets us read our DNA for the price of a dinner for two. Our genetic fingerprint probabilistically predicts the possibility of disease and, consequently, we can adapt our habits to minimize that probability. Nanotechnology is studying ways to diagnose in real

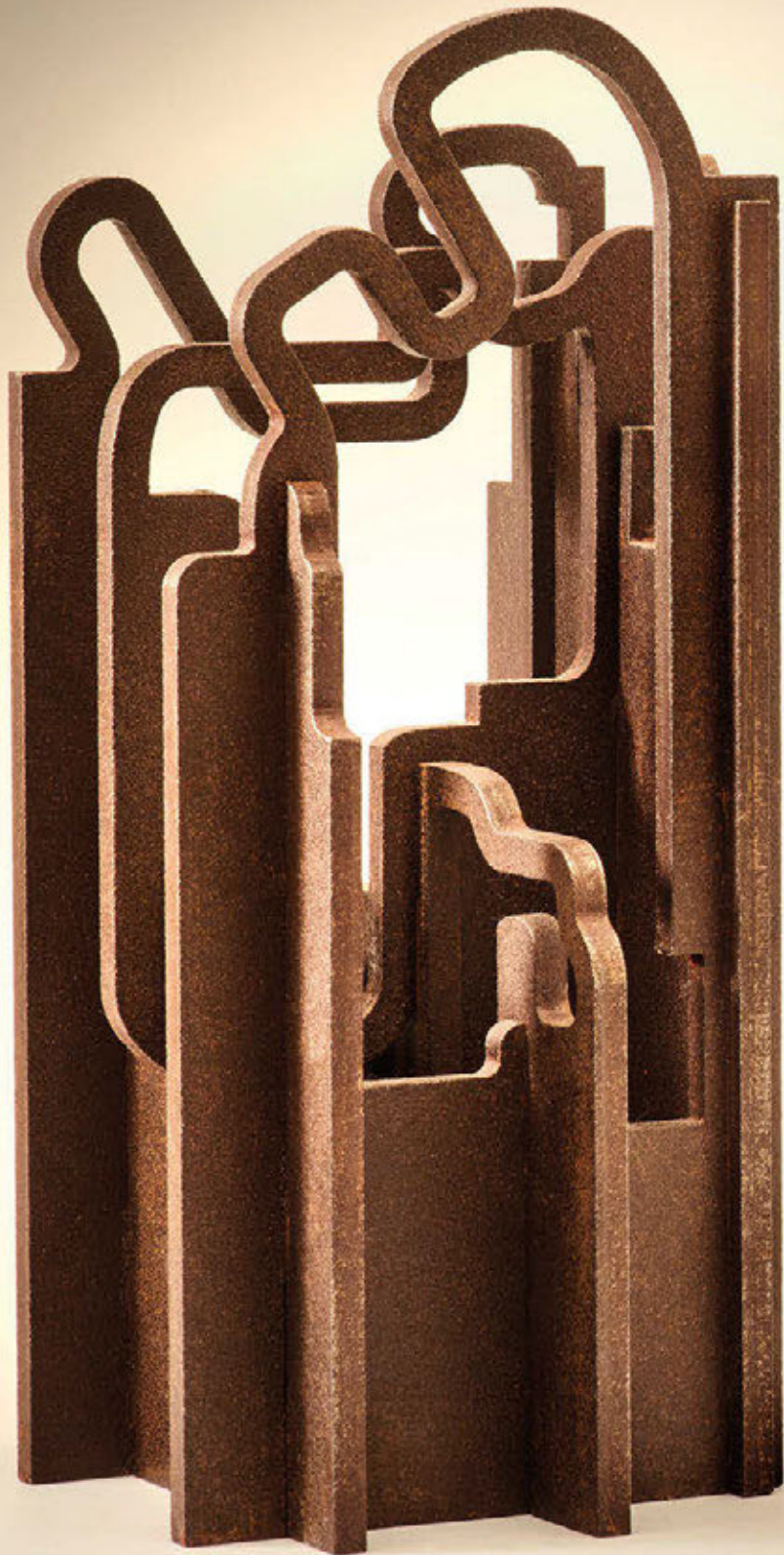
time problems that we may have with our human machinery through microscopic particles that are introduced into our body connected to the Internet, which can tell us what is happening in there. The question that concerns us now is: how much will our life expectancy increase in the next few years? Will it be possible to double it in the next hundred years? Do I want to live 160 years? Again, I don't have an answer to these questions because I'm not an expert, but I do dare to venture that we're going to live much longer and much better, and that clearly affects the way we've conceived a society in which we used to rest in peace between the ages of 70 and 80. In what ways will our systems have to adapt?

No less exciting is what is happening in the world of energy. I was always impressed by Al Gore's statement when he said in one of his speeches that an hour of sunshine generated enough energy to meet the needs we have on the entire planet Earth for a year. Imagine if we were able to store and distribute all that solar energy. We may not see so much change in the next ten or fifteen years, but I am convinced that by the middle of this century, 100% of the energy we consume will be clean, renewable energy. How nice it is to be able to imagine a world in which there are no water problems because water can be desalinated with clean energy and transported

at a very low cost to any part of the world, generating crops and putting an end to the planet's food problems. All this, with the permission and support of a regulation that favors this type of technology.

I could go on to discuss more fully the influence that all the technological revolutions that we are experiencing at the moment will have on this society. However, I prefer to stop and think about what this means: technology in itself is neither good nor bad. It will be good if we use it well and bad if we misuse it. What is clear is that our society needs to understand how these technologies can be used to our advantage. And that's everyone's responsibility. Those states, countries, geopolitical zones that are capable of balancing their regulation so that technology can be understood and applied, while maintaining or developing the values they want to uphold as a sign of identity, will be the most successful.

This world is becoming more and more global and complex, but by devoting enough time to understand it we will be able to channel it and turn it into a better world. To do this we must face it without fear, with the curiosity of a child, with the desire to learn of a university student and assuming that we will continue to live fast and stressfully. If we manage to be more enthusiastic than we are stressed, our movement will undoubtedly be forward.



EPILOGUE

Enter without Knocking

Leire Muguerza

Chairwoman of the Governing Council



This book tells the story of Eroski. A history of ideas rather than chronologies. An ideological chronicle. It is, therefore, an essential story to understand and judge, even if it is incomplete. The story confirms Eroski's perseverance in its foundational principles and values, including its capacity to renew them when necessary. It tells the story of Eroski's life through aspirations and initiatives in those registers that best portray the substance of the project — cooperative enterprise, people for people, consumerism, management model, food and health... — and narrated in a way that reveals our intimate personality. And this book is, at the same time, and thanks to the external contributors who have collaborated on it, an essay on the evolution of thought on these matters in this half-century of our society.

Authenticity, progress and adaptation are terms that describe our history well. They offer a faithful image of us. An impartial reading of the in-company testimonies collected in this book reveals that Eroski has managed to equip itself with an original business configuration, with which it has built a vigorous model of governance. It has also proved to be a socio-business project that is ambitious in its aspirations, and that has managed to adapt its unique management model to new historical developments, although always returning to its roots. Arizmendiarieta's much repeated quote, "the important thing is not to last, but to renew oneself and adapt", expresses very well Eroski's history over these fifty years. Today, few things are the same as they were at the beginning, although what is fundamental remains valid and perfectly recognizable. Without abandoning our principles and genuine values we have adapted, matured without losing our essence.

The capacity to adapt Eroski has shown over these years will be equally necessary in the future. We are always adapting and Eroski must continue to do so. Learning from successes and errors, as we have up to the present. In reality, our whole history is about preparing ourselves to meet the challenges we will have to face tomorrow. I would like to refer to some of these challenges at some length in this epilogue.

The first concerns our role as a company. We must keep the original motivation active: Eroski is not just another distribution company. Of course, from an economic perspective, it must produce the necessary profitability and adjust to the financial and equity demands of a healthy and sustainable balance sheet, like any other company and for motives of pure survival. Entrepreneurial success is essential for there to be a cooperative. And we must find the right formulas to compete as a company while managing it as a cooperative. To respond to the needs of the consumer in a competitive way and apply cooperative values to the structures and operating models we equip ourselves with. It is true that there have been moments in our history when our actions seemed to distance us from this purpose. But even then the

intention remained valid. One of the lessons of our history is that roots and values must be visibly present in our actions and that when we do so, we regain the path of success.

Ours is a socioeconomic project based on fairness and the humanization of production relations; this is the differential contribution that we are called to make to our community. We continue to believe in our founding mission as a company: to humanize labor relations, to defend the consumer, to commit ourselves to the environment, to contribute to social transformation...

To build the Eroski of the future we still need some of the germinal forces that justified our birth. Of course, today's society has different needs from those of the past, but it is our responsibility today, as it was then, to integrate them into the strategy and formulate a cooperative reality that effectively contributes to our permanent aspiration for social transformation. And that is none other than a society more just in rights and equal in opportunities.

Inequality, the gap that exists between people who accumulate wealth and opportunities in a disproportionate way compared to people who have less and less of both, continues to widen, as do other inequalities and injustices. This should encourage us to continue demanding and defending our presence and our model. We have the obligation to exercise, through our own way of doing business, a humble positive influence on society and our environment. We have fulfilled this role for fifty years and, if we believe in it, we must keep it very much in mind in the future. Without, in our eagerness, attributing to ourselves tasks with which we cannot do, attributions that do not correspond to us and merits that will always be collective. However, we have moral, organizational, technical and historical reasons to continue to exert positive influences on society and our environment; including something as prosaic as it is definitive: the return to society of a part of our profits. And this purpose must serve as our "guide". "The world is not to be contemplated, but to be transformed" — says Arizmendiarrieta —, and this must be something that Eroski pursues, in order to defend its mission and adapt its strategies to each moment.

Our customer orientation is based on genuine motivation: the customer is a partner. The expression does not obey an emphatic statement. Or an ambitious loyalty program. What we do — in the store and in the management of the company — is for a "partner" and with a "partner". By statute, the consumer can participate in decisions and governance; and some do. The consumer partner has been, is and must be an irreplaceable part of the project. With an active and intervening role on the part of those who wish it. This does not mean that the form of participation should be the same as in the past, it should be updated, in keeping with the times, but without forgetting that it is the reason for our existence. And indeed, it represents a strategic differential that we must continue to build and adapt, recognizing that we are dealing

with a different consumer concept and new categories of consumers — the elderly, young people, immigrants... —. Even if the consumer acts differently than they did in the past, Eroski must continue to make them part of our project. And it is up to the cooperative to discover ways that interest the new consumer and new channels to maintain a lively communication and achieve their involvement and participation. And the use of new technologies and relational networks can offer unimagined opportunities to this company objective.

Eroski is a project of people. Eroski is ours, it's us. Because we place people and their dignity above other factors of production and interests, we set ourselves higher goals and give people preferential treatment. This basic requirement is at the heart of the organizational model and is what differentiates those who open the shutters of an Eroski store every day from those of another competitor. A model that has produced a specific, powerful and strongly consolidated culture after fifty years of practice. A culture in which inclusive and participative relationship patterns are followed: after all, the main decisions of the company require the debate and consensus of its partners.

We are the people who practice being a “cooperative” on a daily basis. I am convinced that the current ones, those of us who have inherited the cooperative from the ones who are no longer here, we will continue giving lessons of cooperativism and we will leave a great legacy to those who come after us. And unquestionably, we will do this because we feel differently about how we do business. We value who we are and will work to improve it over the next fifty years. This is a special model, but it needs the care, wisdom, enthusiasm and dedication of many. And this collective effort must always be attentive. The more you give, the more you get.

As we well know, people are the ones who learn, not the organizations. It is also worth noting that an organization that learns is an organization in which people learn. Learning processes are one of the key elements for the consolidation and adaptation of any business culture. Our cooperative culture is as rich and powerful as it is demanding, and for this reason it requires a deep level of involvement and learning in order for its virtues not to weaken: it is not enough to enrich the action, it is necessary to help the person to endow him or herself with a capacity for transformational and lasting learning over time. The cooperative company needs cooperativists: people who not only do some things differently, but also think about certain essential issues in a particular way, different from the cultural norm, and who always bear in mind the collective interest. Personal participation and involvement, when done in a climate of trust and transparency of content, are the most effective path to learning. Learning that goes beyond the business technician, an education that means learning the cooperative culture.

When we talk about people or business culture, the concept of leadership is always very present. It is obvious that a cooperative demands its own kind of leadership. Not a non-leadership, but a particular form that can be more difficult to perform, one that we could call “cooperative leadership”. The fact that essential decisions must have the majority support of the partners does not prevent, by any means, the exercise of a given leadership. I am referring both to the leadership exercised by the executive as well as by the representative and government bodies. Both will act in two different registers, but necessarily in a complementary and harmonious way.

Future leaders, like today’s leaders, will have to understand and sincerely appreciate the particularities of our cooperative model and act in coherence with it. They should integrate into company policies the values that place people in cooperation at the heart of the company, and ensure that the strategy and the organization properly combine those values with the necessary efficiency and profitability. Management, the line of command, will be an essential advocate, together with the social bodies, of an inclusive and participative business model. The quality of cooperative value in the company also reflects the cooperative quality of its leadership.

When in the future we speak of Eroski, we will never speak of a single person, but of the strength of a collective project. We will talk about participation and the responsibility with which decisions are made, about the strength of a democratic organization. Ours is a collective project and that’s a virtue, but it demands that things are done in a particular way. To exercise leadership in a collective project is not to dispense with leadership but to deploy our own form of it, one that we would not know how to name, except as “cooperative leadership”.

After a detached reading of these contributions I feel a deep satisfaction and the desire to express my gratitude to the people who have been and are today part of this project, because they are the ones who have made us what we are today and enable us to continue to experience this model that has given us so much, in business terms and socially, over and above the difficulties that we have had to overcome and those that we will certainly have to face in the future. The enthusiasm with which we often refer to Eroski, in this text and in daily conversations, reflects the pride of having set up and maintained a company that seeks to provide better business management, based on people in cooperation and for this reason ensures a high involvement of many of its partners. People are the differential that makes it possible. But we don’t consider our model perfect, nor our results culminated. On the contrary, we are well aware of their limitations, of our limitations. Limitations in definitions and applications. But remember that “it is difficult to defeat someone who never gives up” and that is the attitude of the people of Eroski yesterday and today and, I am sure, the one they will continue to demonstrate in the future.

Sometimes I compare the attitude and treatment that many partner/members give to the cooperative to the way mothers relate to their children. We do not ignore the limitations and mistakes of our children, but we emphasize their successes and merits, and we do not cease to help them grow and become better. We praise their virtues without denying their shortcomings, we know that they will never do the perfect thing, but they are “ours”. We feel directly responsible for helping them mature. Because the role of mothers is to give care and support, not to pass harsh judgment, or distance themselves or reject. You love and defend your children, you criticize them in private but inspire them, you look for opportunities for them. You never stop seeking the best for them.

Each of us must seek the same thing with Eroski. It is essential to have a critical sense, it is the basis for improvement. In this sense, we have an excellent business model, with more virtues than defects, but it has the potential to achieve much more ambitious goals than we have done today. In judging the situation of the cooperative, many members find it useful to apply the maternal approach: let us emphasize the potential of our model, and let us be more concerned with how to reach that potential than with scolding it because of shortcomings. Keeping this present in the future will give us the strength to improve our model. Our thoughts create future reality, keeping in mind the positive, citing the advances, recognizing the talents, giving thanks for what we have, all this contributes to create action and change and, given the permanent need to adapt a project like Eroski, this way of thinking is basic.

I believe that the current values of Mondragón’s cooperativism in general, and those of Eroski in particular, reflect the best values of the society of the time in which they were born. It is true that society’s values are evolving — I believe for the better in many more ways than for the worse — and with them those of our cooperative, but always preserving the most genuine of international cooperative values. I sincerely believe that the best legacy we can leave to future generations is a sustainable business project, yes, but above all a business project with the values that gave us our origin, a project that we will adapt as necessary to continue improving the lives of people wherever we are. Being able to contribute this to society is the best thing about our model.

The stages and anniversaries in history are like lines that we write in the air trying to mark and separate the inseparable that is the thread of the course of time. In that endeavor, now, in this epilogue, we are writing the first letters of the following period.

We invite you to continue entering, as now, into Eroski’s life, a cooperative project that is not only for you, but is built “*contigo*” (“with you”). We build it together.

The impulse that has brought us this far will accompany us.



Artwork by Blanca Gómez de Segura for Eroski in honor of the delegates of the General Assembly.

CHRONOLOGY

1969

Birth of Eroski S. Coop.

Eroski is born from the merger of seven small consumer cooperatives with the aim of achieving sufficient strength to overcome a local, fragmented dimension that was foreseen to be unfeasible. It is born as a socially inspired and vaguely confessional project for a well-defined geographical and political setting: the Basque Country and Navarre (the first store in Navarre opens in Alsasua in 1971). For its constitution, it renounces local, social and personal protagonisms, today irrelevant but then quite strong.



1971

First store in Navarra

First store in Alsasua. Months later it is followed by the first store in the Txantrea district of Pamplona. Since its arrival in Navarre, Eroski has grown to become a fundamental partner for the sustainability of the region's agri-food sector, exceeding €1 billion in purchases from Navarrese suppliers in the last five years.

1974

First publication of the consumer magazine *Eroski*

The management of the Eroski Consumer Magazine is professionalized in the style of other magazines. It is created to support the social action of defending and informing the consumer. Its priority is to educate on consumer criteria and popularize a healthier and more sustainable consumption, a more responsible consumption.



1975

Inauguration of the company headquarters and logistics platform of Elorrio

Inauguration of the headquarters and logistics platform of Elorrio (Bizkaia). Third location in what has so far been a brief history, but this one is definitive. The dreams of the moment do not imagine the size Eroski will achieve in the following decades.

1976

A snowfall causes the roof of the Elorrio warehouse to collapse

The third warehouse in the short history of the Cooperative collapses as a consequence of an extraordinary snowfall. An unimaginable misfortune. This looks like the end of a project that hasn't had time to ripen. Against all logic Eroski recovers and experiences through this event the full meaning of the word "resilience" that will become fashionable years later: the ability of individuals or organizations to adapt positively to circumstances, endowed with superior capacities to face challenges and problems. Having experienced economic difficulties up to that date, after this event Eroski achieves mastery over its activity through its own knowledge and means, as if this accident were not a setback, but part of the solution to the problems of its early years.



1977

Launch of the Eroski own-brand products

Eroski is a pioneer in Spain in the marketing of products under the distributor's own brand following the practices of other distributors in Europe (particularly Migros). The "own-brand" or "white brand" is born, known as such because the first packages launched by Eroski were totally white. It is one of the most radical decisions in differentiation and gambles on offering a competitive price that Eroski carried out until then, and still continues to do so years later. A decision strongly questioned by manufacturers, even boycotted by some, who resorted to unusual schemes such as the selective supplying of their brands.

1978

The "Consumer Schools" appear

Responding to its commitment to the consumer, Eroski sets in motion the Consumer Schools which began their principal activity in the Basque Country and Navarre and progressively extended to other communities. An activity born out of social commitment as a consumer cooperative and reinvented in 2011 as a "Food School".



Incorporation of Euskera into the packaging of own-brand products

One year after the launch of the first six own-brand products, the use of Euskera is incorporated into their packaging.

1978

Inauguration of the first Eroski franchised supermarket

Eroski inaugurates its first franchised supermarket under the EROSLE banner.



1980

New company statutes that establish parity between consumer partners and worker partners

In an extraordinary general assembly that resolved a serious crisis of identity and power in the cooperative, new articles of association are approved adopting a parity between consumer and working partners in the governance of the cooperative and endowing itself with an original structure of social participation that has provided strong stability and integrity in the non-corporate governance model that still persists. No other decision on structure and configuration has been more decisive than this for the stability of the company. "Owners and Protagonists" is a value coined at that time: the working partners participate in the capital and are affected by the economic results and the consumer partners hold half the power in the council and in the assembly.



Inauguration of the first Eroski travel agency

Diversification of activity in different lines of business begins, with the opening of the travel agency Eroski/Viajes in the center of Bilbao.



1981

Inauguration of the first Eroski hypermarket

Inauguration in Vitoria-Gasteiz of the first hypermarket, despite lacking expertise in the management of this emerging store format and despite the resistance of a part of the opinion of that time, critical of a format that seemed to favor depersonalization and to go against the meaning of belonging to the community. The decision is based on the criterion, also cooperative, of not taking from the consumer their free decision to choose from

among all store formats in which consumers want to exercise their right. Eroski thus begins a path that seeks to serve all families in all store formats, extending its activity also to non-food products.

1984

Recognition of Eroski as a consumer association

On July 24, 1984, the General Law for the Defense of Consumers and Users (LGDCU) is published in the BOE, with Ernest Lluch as Minister of Health and Consumer Affairs. In it, consumer cooperatives gain the character of Consumer Associations, as long as they devote part of their profits to the social action of consumer education and information.



1989

Inauguration of the automated silo in the logistics platform of Elorrio

Inauguration of the automated silo of the Platform. The second in Spain with this advanced technology.

Elimination of CFCs in aerosols

Eroski is the first distributor to remove CFCs from sale in Spain.

1990

Creation of the “E” logo

We create the “E” logo, which becomes the most recognizable visual element of the Eroski brand.

Launch of the first Eroski own-brand product with Denomination of Origin

DO Navarra asparagus, marketed under the Eroski brand are the first private label product in Spain linked to a Denomination of Origin.

Alliance between Eroski and Consum

Eroski and Consum, the two largest consumer cooperatives in Spain, agree to an alliance with the aim of strengthening their individual projects and developing joint expansion. An alliance that lasted 15 years and from which both cooperatives emerged with greater strengths than those they had before starting it. The alliance ACEL with Leclerc occurs during this same year.



1991

Birth Forum sport

A new brand, Forum sport, is born that gives name to a new network of stores with the mission of promoting sports, making them more accessible and closer to society.

1992

Incorporation of the 4 official languages on the packaging of own-brand products

Eroski incorporates the four official languages into its own-brand packaging: Spanish, Basque, Catalan and Galician.



1993

Inauguration of the first Eroski petrol station

The first Eroski petrol station opens at Pamplona's hypermarket.



1996

First "Operation Kilo" in favor of the Food Bank

Eroski begins its collaboration with Food Banks in 1996 at the proposal of the Food Banks of Vizcaya and of the consumers themselves who demanded solidarity initiatives from the cooperative aimed at disadvantaged groups and people at risk of social exclusion. It is the first "Operation Kilo" campaign to collect food from Eroski stores. From this collaboration, Eroski and FESBAL create the food donation program of food that is withdrawn from sale before its expiration

date. In 2009, Eroski and the Food Bank extended this program against food waste to also include fresh food.

Eroski forms part of the Travel Club program

Eroski joins the Travel Club program, the leading loyalty program in Spain with more than 30 member companies and more than 6 million consumers who enjoy trips and gifts, exchanging points for their purchases at member establishments.

Launch of Eroski Natur

Eroski Natur is born, a range of fresh foods offered at their optimal moment, carefully selected from the best origins. A brand that is subsequently redefined in 2018 as the expression of a proposal for more responsible consumption of fresh produce.

Acquisition of the supermarket chain Sebastián de la Fuente

Eroski purchases the "Sebastián de la Fuente" store network, which had a network of 70 supermarkets in the Basque Country, Cantabria, Burgos and La Rioja.





1997

The Eroski Foundation

The Eroski Foundation is born and will channel, through its social activities, a large part of the resources that Eroski dedicates to consumer education and information.

Creation of GESPA

Creation of Gespa, a company designed to give employees of the Group's limited companies access to the capital and management of the companies in which they work, just as they would if they were members of a cooperative. After Gespa Hipermercados, Gespa supermarkets and Gespa Forum will appear. The economic crisis made it difficult to extend this program.



The Udama and Supera distributors become part of the Eroski Group

Cecosa signs an Alliance with Udama and Supera for the development of a supermarket network. A capital parity alliance with a balanced distribution of roles between both partners. Over time, Eroski acquired all of the companies.



Local food support program kicks off

Eroski initiates a specific policy of support for locally produced food and incorporates an identifying seal "Flavors of Our Land". To this day, the cooperative continues to build, together with the agri-food sector, an important offer of differentiated local products in all product categories.

Acquisition of the CENCO network of stores

Eroski acquires the CENCO network of stores, a family business with 36 supermarkets in Castilla León and Galicia.

1998

Integration of Vegalsa into the Eroski Group

Strategic alliance between Vegonsa and Eroski with the aim of strengthening both projects and leveraging the conditions for joint expansion through the company Vegalsa, constituted with 50% shares and integrated into the Eroski Group. The alliance is embodied in the constitution of a single purchasing center and unity in the strategic direction of the Group.



1999

Acquisition of Supermercados AUNDIA

Acquisition of Supermercados AUNDIA, a small supermarket chain in Pamplona.



2000

Birth of the Online Supermarket

Online supermarket launched as a new Internet sales channel

2002

International Alliance ALIDIS

Eroski and ITM Intermarché, a French group of retailers with international projection, create Alidis with the aim of synergizing the combined volume of their international purchases of manufacturer's brands and their own brands, as well as enriching both organizations through the exchange of their know-how in the exploitation of the business. Edeka will join shortly thereafter in 2005.



And then Colruy, Conad and Coop Suisse in 2015, to become Agecore, the foremost alliance in European distribution.

2002

Eroski commercializes the first Fair Trade certified products

Eroski is the first distributor in Spain to sell a range of fair trade products on a permanent basis. Years later, in 2009, it becomes the first distributor to develop through its own brand a product certified in fair trade, a football.

Signing of the Global Pact promoted by the United Nations that marks our principles of conduct.

Eroski is one of the first organizations to promote the Global Pact in Spain, promoting a voluntary commitment by organizations to social responsibility with the implementation of principles based on human, labor and environmental rights.



2003

Launch of the Eroski Red Visa payment card

Eroski launches its first payment card

Equality of employment rights between de facto and de jure couples

Eroski goes one step further in its commitment to equality, a value inherent to cooperative culture.

2004

Launch of the "Ahorro Récord" ("Record Saving") logo, the precursor of the current Eroski basic range

This is the origin of the current range of Eroski Basic products, which represent the option of savings in the majority of food product ranges.

Commitment not to use genetically modified organisms in our own brand

Eroski is committed to the non-use of GMOs, a controversial decision at the time based on the principle of precaution in the face of risks lacking sufficient social and scientific consensus, and makes a clear commitment to sustainable food and biodiversity.

Publication of the first Sustainability Report by a distribution company in Spain

Eroski is a pioneer in Spanish distribution in publishing its Sustainability Report, a reflection of its commitment and actions for a more economically, socially and environmentally sustainable agri-food sector.

2004

First edition of “Corporate Volunteering” by Eroski

Eroski launches its corporate voluntary program based on the principles of cooperation and solidarity with disadvantaged peoples in the Third World. Over the next few years, several of Eroski’s working partners (volunteers and volunteers on leave) have contributed their direct work to social and economic development projects that the MUNDUKIDE Foundation carries out in the central-western region of Brazil.



2005

International alliance grows with the incorporation of EDEKA

Edeka, the first German distributor, joins the Alidis alliance.

Launch of the first “gluten-free” Eroski brand products

For the first time, Eroski markets a range of products marked “gluten-free”.

2006

First Consumer Opinion Forums to participate in the definition of commercial policies

With more than 35,000 participants a year, they are face-to-face group dynamics and through online channels where consumer members convey to Eroski suggestions, opinions and queries about their commercial and consumer activity.

Marketing of the first FSC-certified product

Eroski’s commitment to the environment is evident in a pioneering range of own-brand garden furniture with FSC environmental certification that identifies products made from wood from sustainable forestry operations. In subsequent years, new ranges of FSC-certified stationery are progressively incorporated. As a result of this work, in 2010 Eroski receives the FSC International Award for its continuous work in defense of the environment and sustainable development through initiatives both in the product area and in the promotion of more sustainable consumption.



2007

Beginning of the donation program of food close to its expiration date

Eroski starts its program to donate packaged food close to its “best before date” but still fit for consumption with total food safety. Today this program of Eroski and Food Bank continues 18 years later with the commitment “Zero Waste” of not throwing away any food that is fit for consumption.



Acquisition of Caprabo

Eroski acquires Caprabo, an important company of supermarkets founded in Barcelona, which opened the first supermarket in Spain in 1959. It currently has a network of more

than 300 supermarkets located in the most urban areas of Catalonia.

Creation of the new slogan “contigo” (“with you”)

Eroski incorporates into its brand the slogan “contigo” after a process of participation by worker-members in which more than 400 proposals are generated, the majority with a content very similar to that represented by the slogan “contigo” which is expressed in six behaviors: “We’re different, we’re cooperative”, “This is your shop, we listen to you”, “Here you save”, “We care about your health and well-being”, “You can tell we’re from here” and “We offer you a positive experience”. Years later, this vision inspires the first “contigo” store model, inaugurated in Zarauz in 2012 and which will give rise to the most ambitious store remodeling plan in Eroski’s history to extend this model to all its stores.



Launch of the “Nutritional Traffic Light”

Eroski incorporates the “nutritional traffic light” label on its own-brand containers, offering consumers visual and easy-to-understand information on the product’s content of key health nutrients (fats, sugars, salt, etc.). A measure accompanied by a degree of controversy, rejected by manufacturers and not adopted by others distributors, but highly valued by the consumer who already demanded greater transparency.

Launch of Eroski SeleQtia

The Eroski SeleQtia brand is born, a brand of “gourmet” products at democratized prices and which, from 2016 onwards, has the collaboration of the Basque Culinary Center to define its quality.



2008

First automated logistics platform for fresh produce

Eroski inaugurates its fresh produce logistics platform in Madrid with a pioneering level of automation in a fresh produce supply chain. It represents an important leap in logistical efficiency that allows Eroski stores to specialize more in fresh produce.



2009

Launch of the first reusable bag

Eroski was a pioneer in providing alternatives to plastic bags, introducing innovative solutions such as bags made from starch of vegetable origin (biobag). Actions and campaigns to promote more sustainable, alternative native solutions to the plastic bag are a constant until Eroski finally eliminates free single-use plastic bags in 2009 giving a bonus to the customer who does not use them and offering lifelong reusable bags.

Commitments to “Free from Partially Hydrogenated Vegetable Fat”

Eroski was a pioneer in eliminating the partially hydrogenated vegetable fats added to all its Eroski branded products. Popularly known as “trans fats,” they negatively affect cardiovascular health.



2009

Extension of a new culture of self-management of stores

Eroski begins a wide-ranging internal project that seeks to promote the self-management of the teams based on the idea that each store belongs to the team that manages it, a cooperative reality in which the workers are partners of the company and, therefore, collective owners of that store. This is a long-range project over the next few years that leads to a more decentralized organization.



2010

Birth of the official profile in social networks

Eroski opens its official profiles on Facebook, Twitter and YouTube as new channels for listening to consumers, sharing information and responding to questions and suggestions.

2011

Inauguration of the Food School and the Educational Program on Food and Healthy Habits

Eroski presents its Food School and the Educational Program on Food and Healthy Habits, which seeks to promote training in healthy lifestyles for children and their family and school environment. Since then, the program has grown and during the 2017-18 academic year, more than 460,000 schoolchildren from 3,192 Primary Education centers throughout Spain took part in the 6th edition of this program.



Inauguration of the first store of the commercial “contigo” model

The most personalized customer service, a strong commitment to local products, the greater presence and central role of fresh food and the promotion of a healthy diet are the main hallmarks of the new ‘contigo’ shop model that is inaugurated for the first time in Zarauz and is the germ of the transformation of the entire sales network that Eroski will tackle in the years to come.

2012

Opening of the first eco-sustainable store

Eroski inaugurates the first “zero emissions” supermarket in Spain, which achieves a reduction in its energy consumption of more than 60%, being the first establishment in Europe with the ISO 50001 certification for energy efficiency. The measures tested in this first eco-supermarket located in Oñati (Gipuzkoa) are progressively extended to the rest of the stores as the remodeling progresses to transform the stores to the new commercial “contigo” model.



SME-Eroski Commitments, a renewed commitment to locally produced food

Eroski presents its program “Compromisos Pymes - Eroski” (SME Commitments - Eroski) which seeks to bring the products of small local producers closer to consumers, to develop a commercial management adapted to micro-enterprises, SMEs and small cooperatives and to collaborate in their professionalization and business growth. Currently, more than 2,600 local suppliers are part of this program.



Commercialization of the first fish with MSC sustainability certificate

Eroski becomes the first retail distribution chain in Spain to pass the audit of the international organization Marine Stewardship Council (MSC) for the certification of the chain of custody of fresh fish from sustainable fishing grounds.

2013

Automation of the fresh produce logistics platform in Zaragoza

After the inauguration of the first automated platform in Madrid in 2008, the automation of the fresh produce logistical platform in Zaragoza brings strong improvements in logistical efficiency that allows the stores of the new commercial “contigo” model to advance in their specialization in fresh produce with shorter logistical cycles and more flexible ranges of fresh food.





2013

Launch of the first APP

Eroski presents its first App oriented as one more channel of permanent communication with its Customer Partners.



The milestone of 500 franchised stores is reached

During the first decade of 2,000 Eroski gave a strong boost to the development of its network of franchised supermarkets, reaching 500 franchised stores in 2013.

2014

Inauguration of the first store of the ensign "Rapid".

Eroski presents its latest innovation in commercial formats, which it names "Rapid". A highly competitive commercial model, consisting of small stores around 150m2 in very urban areas and tourist areas with high population density, aimed at quick and agile shopping convenience.

Launch of Eroski club

Eroski updates its identity as a consumer cooperative with the launch of "Eroski club", an exclusive program for Customer Partners through which they enjoy better prices, exclusive offers and personalized discounts that accumulate as available credit for future purchases, in addition to all the advantages of the Travel Club program. In addition, being a Client Partner of the Club is the condition for access to the different channels of participation for partners in the cooperative.



Eroski Alliance with Barceló Viajes

The strategic alliance between Viakes Eroski and Barceló Viajes has allowed both groups to strengthen their position in the market by taking advantage of bilateral synergies and being more competitive by providing their customers with a wider catalogue of products on more advantageous terms.

Automation of the dry food logistics platform in Elorrio

Eroski inaugurates its new logistics facilities in Elorrio (Bizkaia) with an automated platform that incorporates state-of-the-art technology in the sector in Europe and automates 50% of the traffic and 70% of the weight managed on this food platform for the northern zone. Its technological development is local, the result of an intercooperation project between Eroski and Ulma Handling Systems in which the engineering firm LKS also participated.



Commitment not to use parabens or triclosan in own-brand products

At the request of its partner-customers, Eroski decides to eliminate all parabens and triclosan from its own-brand hygiene and personal care products as ingredients whose health safety is questioned by the scientific community.

First “Click&Drive” online shopping cart service

For the first time, Eroski offers the customer a service by which they can collect purchases made over the Internet without leaving their car. The first service was inaugurated in the Leioa hypermarket, making Eroski the first distribution chain to implement this innovative way of shopping in the Basque Country.

2015

International alliance grows to include 8 European distributors



New European distributors, Colruyt, Conad and Coop Suisse join ALIDIS, the International Alliance of Distributors, originally formed by ITM Intermarché, Eroski and Edeka. The newly created company, Agecore, thus becomes the main alliance of European distributors and its objective is to be able to offer European consumers a wider range of products for greater freedom of choice and better prices, while expanding business opportunities for suppliers.

2017

Launch of “Ekilibria”, a pioneering consumer nutritional diagnosis program

Eroski presents a pioneering program that uses new technologies to offer the consumer a personalized monthly report that compares their purchases with scientific recommendations for practicing a healthy diet.



Eroski renews its commitments to a healthier and more sustainable diet

Eroski renews its commitments to health and sustainability and summarizes them in a Decalogue that it adopts in order to contribute to a more sustainable society with higher levels of health and well-being. This is an update on the historical commitments acquired by Eroski through a participative process involving more than 5,000 people, including partners, workers, customers and opinion leaders, who collaborated in the construction of this updated Decalogue.

2018

Gold Club Launch

Eroski extends the advantages it offers its Partner-Customers with the launch of an Eroski club “Gold Card”, a new savings program with which Customer Partners can obtain a fixed and universal discount of 4% for all the purchases they make at any Eroski establishment in exchange for a monthly fee. It involves the renewal of the membership fee formula that had been used with thousands of consumer members since the origin of the cooperative.

Desde siempre y para siempre

Comprometidos con la salud y la sostenibilidad

mucho más en:

Desde el principio, en EROSKI creemos que la tienda es el lugar donde debería acontecer nuestra vida diaria: almer, trabajar y un consumo más responsable.

Por ello, comprometidos se renueva en 10 acciones concretas para fortalecer y hacer más durables los que más importan al comercio de siempre.

Desde siempre y para siempre, comprometidos en lo que más importa.

10 años con pap mi ego
saludables sostenibles

EROSKI
zaraokun



Eroski commits to incorporating the advanced Nutri-Score nutrition labeling

After collecting the opinions of more than 10,000 Customer Partners, Eroski decided to incorporate the advanced nutritional labeling “Nutri-Score” to its own-brand products, being the first distributor to adopt this labeling in Spain after having been endorsed by the European Union and the World Health Organization (WHO). With this initiative, Eroski will classify all products under its own brand into five levels, indicated by colored letters (from “A” in dark green to “E” in dark orange), based on an overall assessment of the healthiness of the food on the basis of its calorie content, nutrients and ingredients.

2019

Eroski celebrates its first 50 years of history

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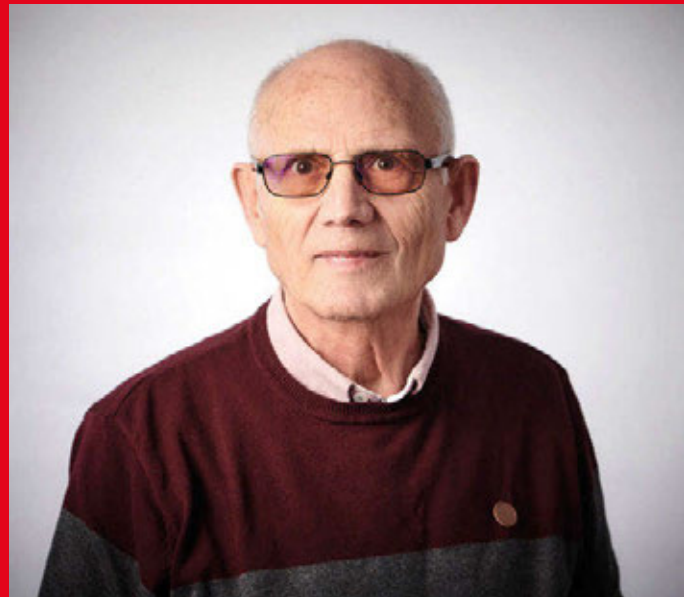
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This is a small sample
of people who have been
part of EROSKI's history,
either as working partners
or as consumer partners.





To view the stories of each of them,
you just have to:



1. Access the option “Increased Reality” in the EROSKI application.
2. Focus on the image of each person.



