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## **Logistics processes as a source of competitive advantage**

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## **Abstract**

The following thesis “Logistics processes as a source of competitive advantage” deals with the topic of logistics in the broadest sense and its relation to competitive advantage. This work considers several research questions regarding the supply chain and also many other factors affecting the success of a company in the market. A broad view of the problem helps to understand the complexity of logistics processes and their impact on the overall performance of the company.

The thesis focuses on the analysis of how the Biedronka and Pingo Doce supermarkets operate in terms of logistics and competitiveness. The thesis was written based on source materials from Polish and foreign scientific literature in the field of logistics and management. The research method used for the thesis was a case study on Biedronka supermarket and Pingo Doce. Based on the results of the study, a number of factors were found to influence the competitiveness of the company. Starting with the organisational structure, the supply chain or logistics systems that improve the planning and organisation of the distribution of goods, which ultimately translates into efficiency, profits and competitiveness on the market.

Modern companies, striving for market success, should use the potentials inherent in logistics. This is a huge field, with many opportunities for achieving competitive advantage today and in the future.

**Key words:** logistics, logistics processes competitiveness, competitive advantage, supply chain

Poniższa praca "Procesy logistyczne jako źródło przewagi konkurencyjnej" podejmuje temat szeroko rozumianej logistyki i jej związku z przewagą konkurencyjną. W pracy rozważono kilka problemów badawczych dotyczących łańcucha dostaw, a także wiele innych czynników wpływających na sukces przedsiębiorstwa na rynku. Szerokie spojrzenie na problem pomaga zrozumieć złożoność procesów logistycznych i ich wpływ na ogólne wyniki przedsiębiorstwa.

W pracy magisterskiej skupiono się na analizie funkcjonowania supermarketów Biedronka i Pingo Doce w aspekcie logistyki i konkurencyjności. Praca dyplomowa została napisana w oparciu o materiały źródłowe z polskiej i zagranicznej literatury naukowej z zakresu logistyki i zarządzania. Metodą badawczą zastosowaną w rozprawie było studium przypadku dotyczące supermarketu Biedronka i Pingo Doce. Na podstawie wyników badania stwierdzono, że na konkurencyjność przedsiębiorstwa wpływa szereg czynników. Począwszy od struktury organizacyjnej, poprzez łańcuch dostaw czy systemy logistyczne, które usprawniają planowanie i organizację dystrybucji towarów, co ostatecznie przekłada się na efektywność, zyski i konkurencyjność na rynku.

Nowoczesne firmy, dążąc do osiągnięcia sukcesu rynkowego, powinny wykorzystywać potencjały tkwiące w logistyce. Jest to ogromny obszar, dający wiele możliwości na zdobycie przewagi konkurencyjnej zarówno obecnie, jak i w przyszłości.

**Słowa kluczowe:** logistyka, procesy logistyczne, konkurencyjność, przewaga konkurencyjna, łańcuch dostaw

## **Introduction**

The search for modern ways to achieve success and competitive advantage is becoming one of the main objectives of many businesses. It is easy to see, that the modern world is excluding stagnation and standstill. Movement and change, progress and development are on the pedestal of our times. Knowledge, creativity and innovative approaches, but also thinking liberated from stereotypes, determine growth and economic progress in every area of life. Many potentials for creating market success can be found in the sphere of logistics. Among other things, the use of logistics competence enables a company to achieve the desired market-economic results, which are determinants of market success and significantly influence competitive advantage.

Today, companies are faced with a reality characterized by the increasing complexity of business processes and the growing complexity of market relations. Logistics solutions are a vast and diverse group of issues, allowing a company's performance to be optimized, bringing it even greater profits, as well as an advantage in the market. It is therefore important to raise the topic of logistics processes in relation to competitiveness.

The aim of the study was to show how logistic processes and all its wide-ranging aspects can influence the achievement of competitive advantage in the market. The study provides a case study based on the example of Biedronka and Pingo Doce, which are leading the way in Poland and Portugal in terms of consumer choice. These companies, which are part of the Jeronimo Martins Group have been extremely successful and were therefore an excellent example for research in this area. The theoretical part and the empirical part can be distinguished in the study. The theoretical part refers to various definitions of logistics, logistics processes and competitiveness. This part is based on numerous sources from Polish and foreign literature. The empirical part, by contrast, contains the company's own research, carried out by courtesy of Supply Chain and Logistics Management Departments of Jeronimo Martins in Portugal.

The thesis consists of four chapters, each of which contains several subsections describing the most important issues. The first chapter is an introduction to a general understanding of what logistics is and why it is such an important element in running a

business. The second chapter relates to competitiveness and the factors that influence it. The next chapter describes the methodology of the research conducted. The final chapter provides a detailed analysis of the research conducted on the basis of open questions posed to Supply Chain and Logistics Management Department of Jeronimo Martins.

# 1. Logistics processes

A look at the development of international business shows that the shift from a producer to a consumer market has changed the conditions under which companies have to produce and sell their products and services.

Logistics is recognized as being important for the supply chain strategy. Currently, companies are forced to continuously invest in themselves, with a particular focus on business development and optimization. This is due to the demanding local and global competition, the launch of products with shorter and shorter life cycles and the increasing customer expectations.

These factors, combined with constant progress in areas such as communication and transport, are driving the development of supply chains and its effective management techniques. The ultimate goal of any supply chain is to reduce costs and continuously improve the level of service (WAŚCIŃSKI, 2014, p. 25).

## 1.1 The concept and essence of logistics

Nowadays logistics plays an increasingly essential role in the global economy (GLEISSNER, FEMERLING, 2013, p. 4). This area is closely related to the constantly developing globalization. The need for an efficient flow of goods makes logistics one of the fastest growing areas of economy in recent years. However, logistics is an important element not only in the economic sphere, but above all in improving the quality of life and the overall functioning of society as a whole (BUJAK, 2007, p. 12).

The word logistics comes from the Greek word *logos* (word, reason, calculus). Logistics in a practical area has been used since ancient times. At that time, it was mainly used in the field of the armed forces. Logistic processes such as planning, organizing and controlling were used in ancient Egypt during the construction of temples and pyramids, the

construction of the Great Wall of China, as well as the creation of cities and aqueducts of the Roman Empire (KUCK, 2014, p. 11-12).

The importance of logistics is growing in parallel with the increasing competition on the market. This phenomenon affects not only large concerns, but also medium and small enterprises. Logistics is not only an opportunity, but even a requirement of the times when the processes related to the flow of goods are becoming more and more complex, and the need to adapt to the needs and requirements of consumers is crucial to face competition in the markets (RUTKOWSKI, 2011, p. 43). So far, the basis for the development of society was the capital of land and labor. Today we trace the process of shaping the knowledge society, where classical production factors are secondary to intellectual capital. This capital means: knowledge, experience, customer relations, organizational technology and professional skills that give a competitive advantage on the market.

These areas are related to logistics both directly and indirectly (SŁOWIŃSKI, 2008, p. 7-17). Therefore, one of the most important sector of logistics is relevant management of qualified staff. The need for educated employees in that field is constantly growing, because it is essential to ensure the effective development of enterprises. Shaping the appropriate logistics staffing base is at the heart of the company's performance and is a real challenge every country and Europe, as well as the whole world (BUJAK, 2007, p. 12).

The current rapid development of logistics is closely connected with the technological revolution (KURASIŃSKI, 2014, p. 10). The dissemination of ICT has significantly changed the way of doing business, management and marketing. Elements such as computerization, globalization, network connectivity, customer sovereignty and the key role of knowledge have become the foundations of economic development (LEBIECKI, 2000, p. 66). The logistics industry is the segment for which it is necessary to introduce innovative technologies or search for new applications that allow to shorten the time of customer service and at the same time guarantee the highest level of service. The direction of development is always determined by consumers (SŁOWIŃSKI, 2008, p. 16). Currently, logistics is an important pillar of sustainable development of the enterprise sector. "Modern logistics is one of those areas that must respond quickly and permanently on the still emerging new challenges, needs, but also make full use of the new opportunities" (BUJAK, 2007, p. 12).

Logistics is a very complex concept and it is difficult to define it on the only one proper way. Many scientists try to create their own definitions. Although many aspects are common, each author draws attention to slightly different nuances of logistics, thanks to which the diversity of definitions is quite large. This gives us the opportunity to reflect wider on logistics. In order to compare some points of view, the table below presents a set of logistics definitions from various sources, formulated by various authors.

Table 1. Logistics definitions

Author and Title of the book	Year	Page	Definition
Martin Christopher, <i>Logistics and supply chain management</i>	2005	5-6	“Logistics nowadays means acting in complex networks of independent, but interdependent organizations.”
Stanisław Niziński, Bronisław Kolator, <i>Problemy współczesnej logistyki w aspekcie utrzymania ruchu obiektów technicznych</i>	2007	145	„Logistics is a field of knowledge about: supplying objects and means of work, distribution of products, cargo transport, use of fixed assets, environmental protection, operating systems and rational, comprehensive and economic control (management, control) of the logistics subsystem with the existing resources, limitations and disturbances, under given conditions and time.”  “Logistics is a field of knowledge about the rational, comprehensive and economic, mass-energy and information security of the functioning of systems activities, with the existing resources, limitations, disruptions, in given conditions and time.”

Frank Straube; Michael Bohn; Shihua Ma, <i>Internationalisation of Logistics Systems</i>	2008	12	„Logistics has become a key function at strategic business levels as it has proven to achieve significant competitive advantage by catering the growing demands in speed and flexibility. Especially in the service driven and time based competition which is being observed in more and more markets.”
Heiko A. von der Gracht, <i>The future of logistics</i>	2008	88	“The definition of the German Council of Logistics (BVL) (2007) clarifies that today “logistics encompasses the holistic planning, operation, coordination, execution, and supervision of all intra- and inter-company flows of information and goods”. Expanding on this definition, the Council of Supply Chain Management Professionals (CSCMP) (2007) sees logistics management as part of supply chain management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers’ requirements.”
Jacek Szoltysek, <i>Pryncypium logistyki</i>	2009	50	„Sustainable logistics, in general terms, is a consequence of the application of a balanced approach to the functioning of logistics chains and supply networks. It is also defined in the context of broadening its interest with elements that are dealt with by reverse logistics. ”
Tadeusz Nowakowski, <i>Niezawodność systemów logistycznych</i>	2011	46	“Logistics is an interdisciplinary field of technical, economic and IT knowledge that studies the conditions, regularities and phenomena related to the flow of physical goods and information in the economy, as well as in its individual links.”

Herald Gleissner; J. Christian Femerling, <i>Logistics</i>	2013	4	“The purpose of logistics is to plan, organize, coordinate, and implement the bridging of the dimensions of time and space within a system. Logistics is thus one of the most important functions of the economy. This ranges from the procurement of raw materials to their processing and to the delivery of the goods to the end-user.”
Elżbieta Gołębska, <i>Kompendium wiedzy o logistyce</i>	2013	19	"... logistics is a method of managing the entire supply chain in an enterprise and between enterprises, understood as planning, implementing and controlling the flow of products, i.e. goods and services, along with the flow of information and finance, from its original source, through all indirect forms, final customer. The essence of logistics therefore comes down to integrating management with traditional areas of production, finance and marketing. "
Cezary Gradowicz, <i>Logistyka kluczowym czynnikiem rozwoju współczesnych przedsiębiorstw</i>	2014	166	“Logistics is related to activities aimed at improving an area. It proposes a comprehensive, systemic approach that allows to reduce costs and release synergistic effects. It depends on the work of people responsible for planning and making decisions in various spheres of business management”
Monika Bąk-Sokołowska, <i>Zrównowazona logistyka jako strategia biznesowa</i>	2018	174	"Sustainable logistics in the main perspective focuses on processes with the development and implementation of modern technologies and logistic games (...) that eliminate organizational and economic problems of business activity, and are appropriate for the environment"

CSCMP Supply Chain Management Definitions and Glossary	2023	-	“Logistics management activities typically include inbound and outbound transportation management, fleet management, warehousing, materials handling, order fulfillment, logistics network design, inventory management, supply/demand planning, and management of third party logistics services providers. To varying degrees, the logistics function also includes sourcing and procurement, production planning and scheduling, packaging and assembly, and customer service. It is involved in all levels of planning and execution--strategic, operational and tactical. Logistics management is an integrating function, which coordinates and optimizes all logistics activities, as well as integrates logistics activities with other functions including marketing, sales manufacturing, finance, and information technology”.
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The table above shows many perspectives on logistics. The majority of authors defining the concept of logistics are mainly focused on the features of management, such as planning, organizing and controlling as well as supplying, transport and distribution of products from the manufacturer to the end-user. Frank Straube and Michael Bohn describe logistics as a key factor at strategic business levels (STRAUBE, BOHN, 2008, p. 12), because an effective logistics is able to influence on competitive advantage of an enterprise. Martin Christopher draws attention on the interdependence of organizations during work in complex networks of independent (CHRISTOPHER, 2005, p. 5-6). Elżbieta Gołemska (2013, p. 19) claims that the essence of logistics is an integrating management with areas of production, finance and marketing. Authors of the book *Problemy współczesnej logistyki w aspekcie utrzymania ruchu obiektów technicznych* draw attention also on the problem of limitations, existing resources and disturbances which concern logistics processes (NIZIŃSKI, KOLATOR, 2007, p. 145).

To sum up, logistics is a complex concept, which is closely related not only to supplying, distribution and transport, but also to planning, organizing and controlling all the processes taking place on the manufacturer-customer route. Logistics is a concept, a philosophy of managing real processes of the flow of physical goods and information, based on an integrated, systemic approach to these processes. Management in logistics processes plays a huge role. Thanks to appropriate management tools, companies are able to meet the

expectations of consumers. The directions of modern logistics are determined by consumers and their ever-increasing needs, which require professional logistics service. Effective logistics is a key factor influencing on the profitability and success of every enterprise. (MISZTAL, FAJZAK-KOWALSKA, 2020 p. 10; RADZIEJOWSKA, 2010 p. 112)

### **1.1 Logistics processes occurring in the internal logistics chain**

Currently logistics processes become more and more important because of the increasing complexity in modern economies (PISZ, *et al*, 2013, p. 1). Technical development, expanding markets and growing population are the reasons of increasing demand for products and services (GRANLUND, 2014, p. 2). Increasing demand for products and services is driving companies towards continuous development and optimization. The main reason is evolving competition and high consumer requirements. In addition, we observe the ever shorter products life cycle, what is caused by going up a large number of new products on the market. Emerging logistics and transport are a source of development of supply chains and management. The basic aim of each supply chain is minimizing costs and an increase in the quality of services. (WAŚCIŃSKI, 2014, p. 25; CHRISTOPHER, 1998, p. 49).

Ch. Bechtel and J. Jayaram identified four thought schools relating to the supply chain: functional chain awareness, common links - contact points management, information, integration (BECHTEL, JAYARAM, 1997, p. 15-34). The chain functional awareness school assumes that the appropriate flow of products is closely related to entities creating a supply chain. The school of managing contact points focuses on the associations between functional areas in the supply chain. The main branches responsible for the correct flow is logistics and transport. J. Turner defined the supply chain as: "(...) a technique oriented to all contact points in a chain from raw material suppliers, through various levels of production, storage and distribution to the final customer" (TURNER, 1993, p. 52). According to the information school, the flow of information is just as important as the flow of goods. As said L. Johansson, the supply chain requires all participants of the supply chain to be properly informed

(JOHANSSON, 1994, p. 525). The integration school shows a little different image. It is focused on integration of key business processes from end users, through the initial suppliers.

The purpose of all activities in the logistics chain is to ensure the smooth flow of materials, products and services, starting from the place of origin of a given good and ending with the final recipient (WAŚCINIŃSKI, 2014, p. 29). As was said “Its mission is to ensure that the right things are in the right place at the right time” (GATTORNA, 1991, p. 17). The areas of logistics activities in enterprises vary greatly depending on the industry and scope of activity. Usually, we can divide it into internal and external processes. The performance of the internal logistics system directly affects the whole organization (GRANLUND, 2014, p. 2). The internal areas of logistics activities include logistics of manufacturing processes and logistics within the company (BENDKOWSKI, 2013, p. 13). The processes of planning, organizing, monitoring and controlling play an important role in internal logistics. Moreover, to achieve the company’s goals is required making decisions on strategic, tactical and operational level. It demands long-term planning and controlling all the processes occur inside the company.

Internal logistics concerns overall processes occur inside the company. It is said that an internal logistics is vital to improve competitiveness (JESZKA, 2013, p. 107). The internal logistics of each distribution center focuses on several basic operational activities, such as: goods receipt, goods storage and preparation, basic internal operations and shipment of goods. Warehouse management aims to minimize the costs associated with the storage of goods through the optimal use of warehouse space and limiting the activities of manipulation. Knowledge and experience are essential to ensure the efficient and effective operation of warehouses. Warehouse inventory management is currently supported by technologies based on automatic systems such as codification and identification (JESZKA, 2013, p. 88-89). The implementation of automation is one of possible tool to increase productivity and cut cost. It often affects positively on efficiency, because it leads to reducing number of logistics staff. Automation is a tool for improving competitiveness, product quality, increasing labour productivity, to reduce labour cost and lead time. On the other hand, there is a risk of losing essential information exchange (FROHM, 2008, p. 18). In addition it often leads to

unnecessarily very high costs for automation technology and demands long development projects since new solutions must be created (GRANLUND, 2011, p. 25-39).

Nowadays companies are more and more forced to look into every part of their organization for possible improvements because of highly competitive climate. Owing to the huge impact of the internal logistics on the whole enterprise, there are large potential profits of improving this system (GRANLUND, 2014, p. 3).

## **1.2 Logistics processes occurring in the external logistics chain**

The external relations of companies with suppliers, distributors and customers are an essential part of the organizational development of logistics (SOBCZAK, PIOTROWICZ, 2002, p. 41). The external logistics is discussing as a point of logical integration between macroeconomics and territorial strategies. This is a field where we can combine economic system's competition elements and sustainable development goals (BOSCACCI, PESARO, 2002, p. 3).

The integration of enterprises with market partners within the logistics chain is the basic process of external logistics (SOBCZAK, PIOTROWICZ, 2002, p. 41). High capabilities in innovation, organization, and information technologies are more and more necessary now in order to meet an increasing consumers requirements. An adequate external logistics management and distribution activities require now various support chains, differently integrated, based on well-defined and compatible procedures, technologies and techniques. The efficiency of logistics industry becomes a vital element to achieve the general economic system's efficiency.

One of the most popular operation to improve efficiency of the company is outsourcing. Outsourcing is defined as the acquisition of products or services from sources that are external to the organization (LANKFORD, 1999, p. 1). There are many benefits of outsourcing. It is a very profitable process for companies. The outsourcing of logistics

services is an optimization process aiming to reduce industrial costs. (BOSCACCI, PESARO, 2002, p. 2-20). Moreover, it helps not only to minimize costs, but also to reduce employment, and increase the quality of services (STRZELCZYK, 2011, p. 38). Outsourcing logistics activities to external entities allows companies to concentrate on their core business. Enterprises can use the knowledge, transport infrastructure, storage infrastructure, and licenses held by logistic entities without the need to having them. On the other hand, delegating some tasks to external entities may result in the loss control of the various logistics processes and may prevent access to the necessary information.

Another external factor which efforts on effective work of the company is distribution. Inventory control in a supply chain is crucial for companies to satisfy their customer demands as well as controlling costs. Lead time and safety stock are closely connected. Lead time is an extremely important value for stock management. This is because in order to set a good ordering schedule, it is necessary to be able to estimate the quantity of goods that will be needed from the time the order is placed until the ordered goods can be made available to customers. The longer the lead time, the more important it is to accurately demand forecast are. For a retail company, there is no manufacturing time as the retail firm does not manufacture its own good. Moreover, the procurement time is different, because instead of procuring raw materials, it sources final products to then sell directly to customers.

There is a simple formula to count lead time for retailing:

$$\text{Lead Time for Retail Company} = \text{Procurement Time (for final products)} + \text{Shipping Time}$$

But in practice it does not look so simple. We are not able to predict every situation, every delay occurring among many various suppliers from different regions, countries or continents. Lead times are often not fixed and delays can be caused by, among other things, out-of-stock at the supplier. For this reason, it is very important to maintain a history of lead times for individual orders in order to forecast these times and, as a result, to manage stock more effectively (KENTON, 2022).

Another thing that will affect the order lead time is how robust the supplier's business and operation is. The supplier might have a short lead time on paper but, due to a lot of bottlenecks and delays in their operations, you will end up with a totally different time. Such mistakes could be tolerated and expected only at a minimal level.

Due to above, it is clear why choosing appropriate suppliers is a very important aspect of product sourcing. Suppliers are the most important partners and they can really make or break the business and the brand image. All the steps of due diligence before choosing a supplier have to be inspected properly and all the aspects, including order lead time, shipping time have to be evaluated carefully (MAHMOUD, n.d.).

Martin Christopher identifies as the most significant reason for the rise and development of supply chain management that: "In the past, companies that were part of the supply chain traditionally did not work closely together, despite significant dependencies. Mostly they saw themselves as entities operating independently and competing with each other. However, this theory of 'survival of the fittest' may be inappropriate as it excludes cooperation aimed at improving competitive position." The fact is that, in the past, very often relations with suppliers or customers showed a conflictive character. Many companies still try to reduce their costs or improve their profitability at the expense of their supply chain partners (CHRISTOPHER, 2005, p. 14).

It is important to realize that in the modern economy companies are not competing with each other, but their supply chains, which they create by collaborating with other economic units. M. Christopher defines supply chain management as: "The management of relationships with suppliers and customers and clients to deliver superior customer value at a lower cost to the entire supply chain"(CHRISTOPHER, 2005, p. 14).

Supply chain management is about approaching a group of partners working together in a supply chain in a way that removes many of the barriers that exist between them, so that the flow of products can be coordinated and managed effectively from the producer of raw materials to the consumer of final products. The approach involves designing, executing and controlling the flow of products through the entire chain.

The aim of business cooperation in the supply chain is to achieve high efficiency of individual companies and their network as a whole, through integration and coordination, as well as optimization of the value added by all links. In this case, the supply chain becomes process-oriented, with an integrated approach to managing purchasing, production and the supply of goods and services to customers. The benefits of supply chain management understood in this way replace the potential benefits of traditional market play of competing companies.

## **2. Competitiveness**

In the realities of the modern global economy, competitiveness is becoming one of the most important determinants and, at the same time, perspectives for assessing the functioning of the company on the market, and is also perceived as a determinant of development (WALCZAK, 2010, p. 5). Competitiveness can be defined as the ability to provide products and services in the same, or a more efficient way, than competitors do (DIMA, *et al*, 2014, p. 1). The concept of the company's competitiveness means a general way of dealing with competition that determines the leading mechanisms and tools competing in the short and long-term. The adopted concept of the company's competitiveness is the basis for building the company's short-term and long-term competition strategy. The components that make up the concept of competition are closely interrelated, so their determination takes place in a complex process of simple and reciprocal interactions. In general, it can be said that competitiveness reflects the company's potential- resources, skills and abilities that provide an advantage over other players operating in the same sector. Competitiveness can be defined as a multidimensional feature of the company, resulting from its internal characteristics and related to the ability to adapt to changes taking place in the environment (WALCZAK, 2010, p. 5). It is worth to point out that once a competitive advantage is achieved, it does not last forever. With time, the adopted methods of functioning, which give a competitive advantage, lose their value and it becomes necessary to verify the existing solutions (BEYER, 2012, p. 243). The competitiveness is influenced by many factors. Innovation and entrepreneurship are the basic distinguishing features of new concepts of enterprise competitiveness (PIERŚCIONEK, 2005, p. 7).

## **2.1 Real and potential competitiveness**

Potential competitiveness can be understood as the total tangible and intangible resources of the company, key competences and abilities, enabling it to gain a permanent and difficult to undermine competitive advantage over its rivals (WALCZAK, 2010, p. 6).

Potential competition can be defined as a competitive constraint on a company's behavior that might potentially arise, but has not done it yet.

Potential competitive constraints may therefore be distinguished from a potential competitor or entrant who might already be imposing an existing competitive constraint on a firm's behavior, in spite of that itself not yet competing on that market. For instance, a potential competitor may currently be selling products that do not compete, or it may not be selling at all. Focusing on existing constraints, whether from existing rivals or potential entrants, should be much easier, because their impact should be observable within existing market data and internal documents (OECD , 2021, p. 9).

Real competitiveness is understood as the result achieved by the company of competing in a specific sector, compared the results achieved by competitors. In other words, it is a place on the scale of economic and non-economic benefits that the company provides to all its stakeholders, compared to the positions taken by competitors (WALCZAK, 2010, p. 6).

## **2.2 Competitive advantage and factors influencing it**

Competitive advantage describes the way a company can choose and implement an overall strategy to achieve and sustain competitive advantage. Competition is at the core of the failure or success of companies. It determines the suitability of a company's activities that can contribute to its performance, such as innovations, good implementation and a coherent culture (PORTER, 1985, p. 1-26).

On the micro perspective, in order to be competitive, every organization must provide products and services for which customers or clients are willing to pay a required price. Satisfying buyer needs is a significant factor to be successful. In order to do that, companies should focus on constant improving innovations, increasing the ability to respond to changes in the market and building the market position.

Innovation is at the heart of entrepreneurship. When a company innovates, it can improve its existing products, processes, and methodologies, or it can just create new ones from scratch. Innovations grows a company and a company growth ultimately means increasing profits. Because of globalization, rapidly changing market and many competing business,

innovation help stay ahead of the competition. Creative and innovative thinking can help to predict the market and keep up with the customer needs (MASTERCLASS, 2021).

Companies, carrying out their positive image can achieve a wide variety of benefits. The corporate image of an enterprise plays a significant role in the success of the business. It has a large impact on the opinion of customers about a given company. Nowadays, people have many alternatives when they decide to buy a product. A positive image is crucial, because it helps in attracting business partners, shareholders and customers. The companies which don't make efforts actively to constantly improve the image of the company leaves its destiny in the hands of others and it leads to decreased revenue, decreasing important customers and high employee turnover. That is why it is so important to build the company's image on your own through the appropriate company policy, setting the mission and values and choosing the right advertising methods.

### **2.2.1 Micro and macro perspective**

An American businessman and entrepreneur, best known for founding the retailers Walmart and Sam's Club said *“Control your expenses better than your competition. This is where you can always find the competitive advantage”* (WALMART, n.d.). The ability to build the effective and efficient supply chain and partner relationships help a lot to gain the competitive advantage. The efficient supply chain is when the company make the most optimum use of its resources including financial, human, technological and physical. As a result, the company is able to reduce operational costs for materials, packaging and reduce waste of time. Effective building partner relationships starts with building mutual trust. Cooperation with partners requires setting clear expectations and frequent communication.

Although it is widely acknowledged that competitiveness and economic growth involve a complex mutual process of social, political, and institutional change, no one general theory supports this phenomenon. The literature exposes diverse perspectives in defining,

understanding, and measuring competitiveness. Perspectives from various disciplines affirm that competitiveness is a multi-faceted concept (DWYER, KIM, 2003, p. 370-371).

The definitions in the literature refer to a micro and a macro meaning of 'competitiveness'. From a macro perspective, competitiveness is a national concern and the ultimate goal is to improve the real income of the society. From that point of view, competitiveness is a very broad construct including all social, economic and cultural variables affecting the performance of a nation in international markets. Therefore, competitiveness may be defined as the degree to which a country is able to produce goods and services under free and fair market conditions, which meet the tests of international markets while simultaneously maintaining and expanding the real incomes of its people over the longer term (YOUNG, 1985).

When it comes to a micro perspective, it is seen as a firm-level phenomenon: firm-specific behaviors determine competitiveness. Porter's competitive analysis describes an industry attractiveness and its characteristics, such as the potential to boost the company's power relative buyers and suppliers and preventing entrance others competitors to the market at the same time (PORTER, 1980).

By contrast, the 'resource-based' approach shows that the basics of competitive advantage are in the acquisition and maintenance of the core competencies of an organization. Theorists say that implementing a strategy of creating unique values is crucial to achieve a sustainable competitive advantage, because potential competitors are unable to duplicate the advantages based on such a strategy. *"If the company has the same strategy as the competitors, it actually does not have a strategy. For these reasons it is necessary for the company to base this strategy on their own market position and build on their distinctive competitive advantage."* To sum up, strategic management is a crucial part of successful and growing organization (ŠVÁROVÁ, VRCHOTA, 2014, p. 688).

## 2.2.2 Factors influencing customer's behaviour

Logistics operations play a crucial role in the area of retail. Factors influenced customer's decision are essential to understand for successful companies. It is important to know what drives customers buying decisions. Thanks to that companies can adjust their services on the most effective and profitable way. Understanding consumers' behaviour is a key factor to reaching clients. If customer needs are not met, the negative effect of dissatisfaction will quickly multiply (Bouzaâbia *et al*, 2013, p. 112-129). Consumer buying behaviour is influenced by several forces and factors.



Figure 1. Factors impacting consumers' behaviors and purchase decisions (RIGHTFORD, n.d.).

There are external and internal factors. It is worth to mention that external factors are things outside a business and it cannot control that. All it can do is to react properly and make decisions adjusted to them. The most essential external factors are culture, social class and reference group. Culture is all about values, traditions and basic attitudes of the customers' lives. It is strictly connected with nationality or religious identity of an individual. Culture affects not only consumption behavior, but it also affects how business is conducted. Another important factor is customer's social class. It is a significant determinant of consumer behavior. Social class refers to lifestyle, interests and activities of consumers (CHAND, n.d.). Customers behaviors are influenced by the role and the status that they hold in society. The higher position the more their status affects what and how much their purchase (RANGAIAH, 2021).

There are also many internal factors that influence consumer behavior. It is motivation, demographics, knowledge, attitudes, beliefs and feelings. Internal factors are considered as psychological factors, because they are ultimately linked to emotions. Motivation is one of the most important factors because it refers to the basic need of customers. Understanding how to motivate customers can be a powerful tool for companies (QUICK BOOKS INTUIT, 2018). We can also distinguish some personal factors influencing customers' decisions. It is age, income, occupation and lifestyle.

### **2.2.3 Employees**

Employees are very important part of building the positive image of the company. They directly interact with company's customers and their behavior and quality of service influence on the company image. Acquiring and retaining the best employees on the market is a fundamental step in every company. People are the key to successful collaborative innovation. Skilled and motivated people are central to the operations of any company that wishes to flourish in the current time (BARTLETT, GHOSHAL, 2002, p. 34). Forming the right teams for the right tasks is the essential factor for the proper functioning of the enterprise. "Employees are a company's greatest asset – they are your competitive advantage. You want

to attract and retain the best; provide them with encouragement, stimulus, and make them feel that they are an integral part of the company's mission” (MULCAHY, 2003).

*“The relationship that we have with our people and the culture of our company are our most sustainable competitive advantage”* (SCHULTZ, 2002). It is said that a happy employee is a productive one. Moreover, the differentiating advantages gained through HRM are difficult for competitors to duplicate.

#### **2.2.4 Environmental factor**

The environmental aspect of a company's operations has recently become one of the key factors in its success, which influences the company's competitive position. It can therefore be a source of eco-innovation capacity building and thus contribute to a company's competitive advantage.

Solving global environmental problems is not a business object, but companies' managers are increasingly treating environmental activities as an integral part of business strategy aimed at creating a positive image and gaining a competitive advantage.

Increasing awareness of the negative impact of manufacturing industry on the balance of the environment results in an increasing interest in the problem of ecology in the scientific and business. The most important issue becomes the question of tools that promote sustainable development, based on the assumption that economic, social and environmental goals must be equally important. Longer concentration on any of these areas or reducing their importance will be destructive to business and their environment (SZPREŃLEWSKA, ZIĘBA, 2013, p. 115).

A company's positive attitude toward the environment can be expressed through environmental innovation, which contributes to improving its competitive potential.

## **2.3 Technology influencing company competitiveness**

Technology is another incredibly important factor in modern business entities. Implementing new digital tools help companies in planning, organizing and monitoring processes occurring in the company. Thanks to modern technology, the company is able to optimize the performance of the various elements of the supply chain and manage it more efficiently, as a result of which the company becomes competitive in the market.

### **2.3.1 ERP system**

Choosing an appropriate strategy is one of the most important success factors. In order to make the best use of the company's resources, it is necessary to properly plan and manage logistics processes. There are many logistic tools to help large companies organize and plan their activities. One of them is the ERP system (eng. *enterprise resource planning*). In order to make the best use of the company's resources, it is necessary to properly plan and manage logistics processes. There are many logistic tools to help large companies organize and plan their activities. One of them is the ERP system. It is a definition of IT systems that support enterprise management. It helps to manage a team of employees, material resources, finances or organize cooperation of a group of cooperating enterprises by collecting data and enabling operations on the collected data. This support may cover all or some of the management levels. It facilitates the optimization of the use of the comp/any's resources and the processes taking place in it (RAPORT ERP, 2022). ERP is a valuable tool for better managing logistics when dealing with wholesale or distribution trades. This integrated system automates day-to-day operations such as accounting, human resources and customer relationship management. It can also improve company's logistics through inventory and supply chain management (WOOD, 2021).

### **2.3.2 SCM system**

Supply chain management is the management of the flow of goods and services. It covers all processes from the producer to the end customer. It enables the design, planning, implementation, control and monitoring of the supply chain in order to maximize customer value and gain a competitive advantage in the market. We can distinguish two types of SCM systems: internal, dealing with supply, distribution and production, and external, integrating the company with its suppliers and customers. The SCM system enables entrepreneurs to effectively and flexibly influence their suppliers and customers, including them in planning or execution processes. SCM allows to optimize the basic processes in the enterprise. One of the greatest advantages of the SCM system is its quick response. The SCM system immediately informs of any changes taking place in the supply chain, giving the opportunity to make the necessary adjustments without delay. Another advantage of the system is savings. Thanks to better planning, costs along the logistics chain are minimized. The SCM system also allows to shorten the duration of individual elements in the supply chain (SANOCKI, JEŽ, 2020).

### **2.3.3 DRP system**

The goal of every enterprise is to minimize costs. Companies can save money on many levels, such as storage and transport. Distribution requirements planning (DRP) help a lot to organize the delivery of goods in more efficient way by determining which goods in what quantities and at what location are needed to meet anticipated demand. This logistics system was created to avoid shortages of goods, e.g. in supermarkets. Thanks to it, companies can plan further deliveries of goods before the warehouses are empty (O'DONNELL, 2015). DRP distribution works by either a pull or push method. The pull strategy is focused on fulfilling customers' orders. This provides more availability for consumers because local management controls the availability of the goods. This method is based on actual consumption, so we can store less and reduce waste. However, small changes in consumer demand can generate large fluctuations in demand higher up the network. While the push strategy is characterized by a

high level of storage. Decisions about delivery are determined by anticipated customer demand. This strategy is used for seasonal products. It is essential that the central planning does not deviate from the actual demand. DRP combines both of these strategies but the success depends on the accuracy of the forecasts. DRP ensures high fulfillment performance with minimal inventory. This makes many companies interested in this logistics tool.

In today's world of globalization, it is becoming more and more difficult for companies to achieve and maintain their competitive advantage. It undoubtedly requires an enormous, continuous effort and constant monitoring of consumer reactions, sales performance and the overall reputation of the company.

### **2.3 The impact of logistics processes on competitiveness**

In recent years, it has become more and more relevant to study logistics as a field of science that has a significant impact on the creation of value and competitiveness of enterprises. Logistics can contribute to gaining a competitive advantage by streamlining processes throughout the entire supply chain. It is imperative to identify management success factors that support the fundamental competitiveness of companies as this is an important development step (JAZAIRY *et al*, 2017, p. 1-23). To maintain unchanged market position, companies need to constantly make effort in gaining and retaining competitiveness in relation to other companies which are present in the market.

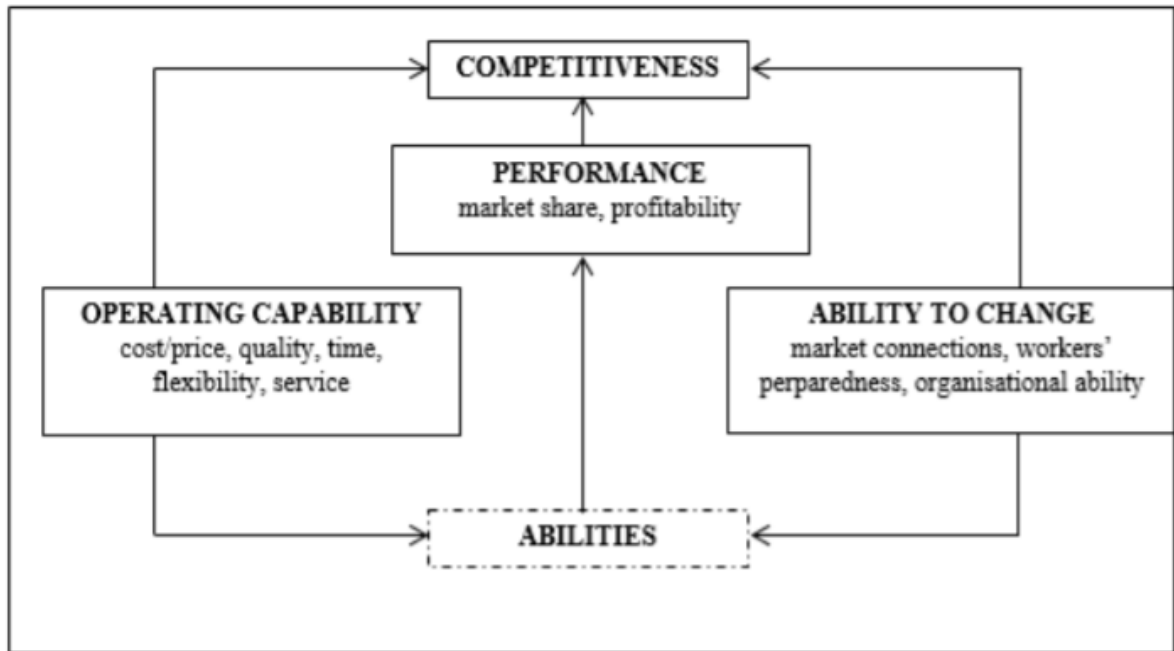


Figure 2. Enterprise Competitiveness Model (Chikan, 2013).

The correlation illustrated on the Figure 2. shows that competitiveness of companies is determined by their operating capability, ability to change and their performance (OLÁH *et al*, 2017, p. 1-13). Companies need to have a proper understanding of logistics operations in order to be competitive in the marketplace. Competitiveness in the contemporary global world can be achieved through rational activities and the use of modern logistics tools (WIECZOREK, 2017, p. 117-123).

Nowadays companies need responsive supply chain management that quickly adjusts and responds to the design, production and delivery services. They need to create a strategy for supply chain digitalization to access new technology and to establish a way to gain the benefits and stay in front of their competition. ERP systems are developed as an integrated solution that enables the management, control and tracking of organizational resources (MONCZKA *et al*, 2009). ERP system was created to increase the responsiveness of a supply chain and share information, such as order status, product schedules, sales records, as well as to plan production, logistics and marketing promotions. The system aims to improve the efficiency and competitiveness of the organization by streamlining business processes and eliminating duplication of work and data (KWAHK, AHN, 2010, p. 186-198).

Today's logistics has become one of the most significant means of improving the efficiency of product flow, for reducing distribution costs. Logistics processes improve the company's operations by optimizing the use of the company's resources. The benefits of a properly selected strategy and the improvement of logistics processes may be a source of competitive advantage in terms of the quality of the products and services offered. With the delivery options, retailers can gain and increase or completely lose competitiveness. Right and carefully selected delivery options and transporter creates an important competitive advantage (ERCEG, SEKULOSKA, 2019, p. 164).

Logistics is a critical success factor in international markets because of the different cultural, legal, physical, and distribution environments (SPILLAN *et al*, 2013). It was concluded that supply-chain integration can be a source of competitive advantage but that an IT and a market orientation are required for achieving supply-chain integration.

### **3. Methodology**

The development of management science is inextricably linked to the discussion of the methodological foundations of the discipline. An important undercurrent here is the growing importance of qualitative research allowing a more precise grasp of the causes course and effects of certain phenomena than in the case of quantitative analyses.

The research method used in this research strand is the case study, which can be successfully applied to describe complex organizational reality. A case study is a research method that includes a broad description of a phenomenon in order to analyze and evaluate it in depth. It is a qualitative study that can involve many scientific disciplines. Through the use of a range of data collection and analysis techniques, it allows scientific and practical problems to be solved.

At the same time, this method plays an important role in building and complementing theory and, through its publication effects, supports the development of academic staff, enriches academic didactics and inspires business practitioners (MATEJUN, 2012, p. 349).

#### **3.1 The aim and research questions.**

The aim of this study is to examine the links between logistical processes taking place both inside and outside the company and their relation to gaining a competitive advantage in the market. To this aim, four main research questions were identified.

1. Why Biedronka and Pingo Doce are top 3 in the country?
2. What are the most important factors of an effective supply chain in Biedronka and Pingo Doce?
3. What are the most important factors from logistics and competitive point of view to be successful on the market based on Biedronka and Pingo Doce example?
4. How logistics processes influence competitive advantage in Jeronimo Martins?

Investigation propositions:

1. Efficient logistics and supply chain is a key to be successful on the market.
2. Cutting costs is important in effective supply chain.
3. Observing customers' needs and performance of competitors are important factors.
4. The Supply Chain Processes Impact the Competitive Advantage in the Retail Industry.

The research questions formulated above provide a reference point for conducting the study. In the following discussion, an attempt has been made to find answers to the research problems formulated.

### **3.2 Research method**

The research method used in the thesis is a case study. The case study method provides an in-depth analysis of a specific phenomenon. It is used to gain a better understanding of the process taking place. An in-depth analysis makes it possible to analyze mistakes that have been made, behavior worth to follow or executive processes. This method is a very useful way of solving not only scientific but also practical problems. *“The essence of a case study, the central tendency among all types of case study, is that it tries to illuminate a decision or set of decisions; why they were taken, how they were implemented, and with what result”* (SCHARAMM, 1971).

One of the greatest advantages of this method is that the case study, compared to other research methods, offers the widest range of techniques and tools for data acquisition and analysis. The ability to collect a very large amount of data and information through a variety of tools makes it easier to describe and understand as yet unknown problems (MIELCAREK, 2014, p. 107). It also provides a broad perspective on the situation or problem under investigation. The case study is an attractive method for solving problems in institutional economics, company theory, strategy, strategic management, organizational culture, decision-making, network relationships, strategic marketing and international management (PIEKKARI, WELCH, 2011). The results of the analysis can be transformed into solutions for

other organizations operating under similar conditions and with a similar organizational structure (GŁOWACKA, 1986, p. 25-26).

Critics of the case study point out that with this method it is not possible to generalize conclusions and that even a few cases are only a narrow part of a bigger picture. The lack of scientific integrity and a solid basis for generalizing conclusions are pointed out as its weaknesses. (WÓJCIK, 2013). The case study is a demanding and difficult method due to its time-consuming nature and certain limitations. Respondents sometimes are not open or communicative enough. Misinterpretation of the information obtained may also occur. *“In facts, scientific facts are rarely based on single experiments; they are usually based on multiple set of experiments that have replicated the same phenomenon under different conditions”* (YIN, 2008, p. 15).

The phenomenon shows an exploratory case study. It is a specific type of a research case study that investigates phenomena characterized by a lack of detailed research. Actually, achieving competitive advantage is not a fresh, undiscovered area of research. Nevertheless, each case study is unique and hard to copy by competitors, making it an area of inimitable and individual character. The exploratory case study is used to explore presumed causal links that are too complex for a survey or experiment (YIN, 2014). This case study refers to qualitative methods that are used to gain a deeper understanding of people's perceptions of a particular phenomenon. Yin (2010) described qualitative research as collecting data from different sources, evaluating the data, analyzing evaluations to produce findings, and presenting the findings.

There are several reasons why the exploratory case study is used in this research. The thesis focuses on the analysis of an atypical, non-standard case study of competitiveness in the Biedronka and Pingo Doce chains. It is a unique research, which is impossible to subject to the usual patterns., It concerns specific supermarkets, belonging to the same group, but performing in two different countries.

### **3.3 The field of research and the research subject**

The field for the study was two supermarket chains that are part of the Jeronimo Martins conglomerate. Both Ladybug and Pingo Doce are highly successful companies in the market, which provides a very good basis for the following case study. The object of the study was to identify the most important factors in terms of logistics and associated processes in relation to their impact on competitive advantage. For this purpose, a questionnaire was prepared consisting of thirteen open-ended questions, which gave full freedom of response, a wide range, without any shadow of suggestion. For this purpose, it was necessary to contact Jeronimo Martins. The data was collected by courtesy of Jeronimo Martins employees working in Supply Chain and Logistics Management Department, including Pedro Pais-Development and Efficiency Director and HR Officer Susana Barata.

## **4.Results of own research**

The own research is based on the example of Biedronka and Pingo Doce, which belong to Jeronimo Martins Group. These are companies that have achieved unquestionable success on the Polish and Portuguese markets. In both countries they are at the top of the list when it comes to consumer choice. The case study based on these companies example is a very interesting source of knowledge and valuable inspiration for other entities on the market.

### **4.1 The characteristics of Biedronka and Pingo Doce**

Both Biedronka and Pingo Doce belong to the Jeronimo Martins Group. JM is a Portuguese corporate group that operates in food distribution and specialized retail with market leadership positions in Poland and Portugal. In 2020, it recorded sales of 19.3 billion euros. Since 1996 to 2013 the JM group was led by Alexandre Soares dos Santos. In 2012 Santos was awarded the title of the richest man in Portugal. The current president of the group is his son, Pedro Soares dos Santos.

The history of its beginnings goes back to 1792, when the Galician Jerónimo Martins opened his first store in the Chiado district of Lisbon. After the Napoleonic Wars, the Portuguese king Ferdinand II granted Jerónimo Martins the privilege of supplying the royal court. After Martins' death, his son Domingos took over the management of the company. He used contacts with the royal court as the main element in building the brand of a store offering luxury goods. During the Second World War, the company also started producing food products. In the mid-twentieth century, the company expanded its business profile, including on the real estate market. In the 1980s, the company opened a chain of Pingo Doce stores, bought a majority stake in Recheio wholesalers and bought the Brazilian chain of Pao de Açúcar supermarkets. In 1990, Jerónimo Martins became a publicly traded company, listed on the Lisbon Stock Exchange. In 1995, the company purchased the Polish chain of Biedronka stores, which is currently the source of the company's greatest profits. As we can see on the graph below, in 2020 Biedronka had the biggest sales, around 13,456 million euro. The second was Pingo Doce with 3,869 million euro of profit. The other places in the sales

ranking were taken by Recheio with 847 million euro, Ara with 854 million euro of profit, Hebe with 245 million euro of profit and others that account for 14 million euros in revenue. Sales in total in 2020 was 19,263 million euro.

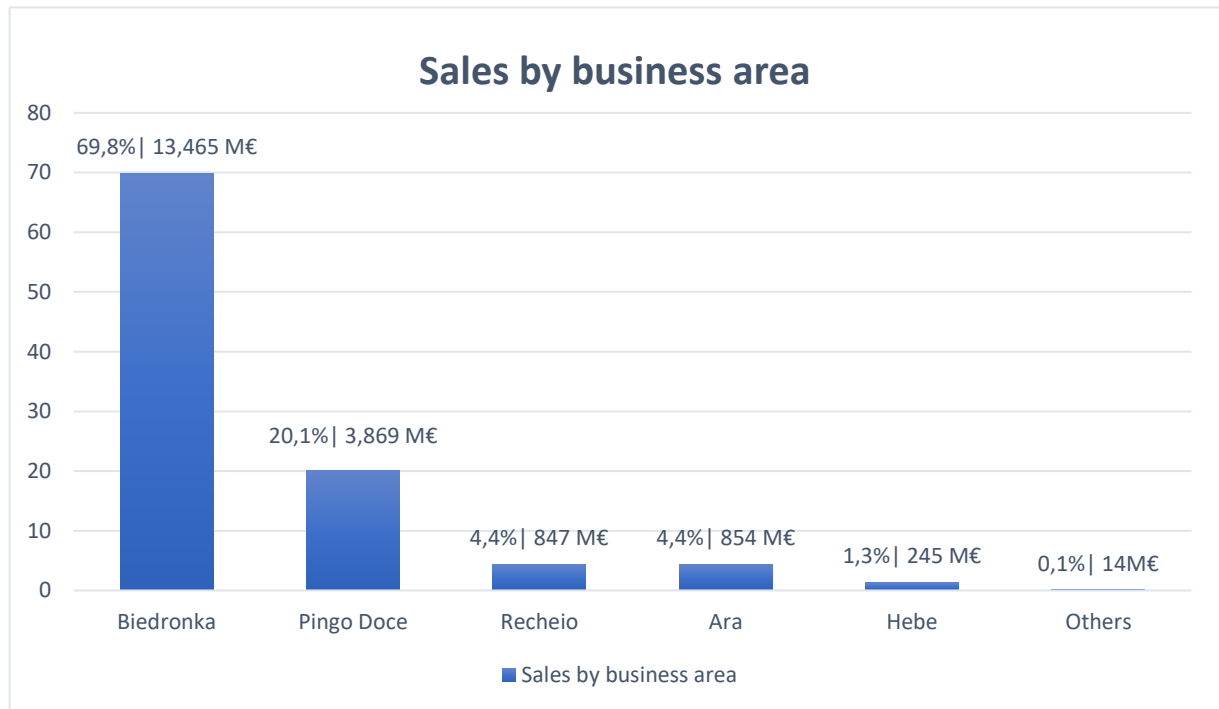


Figure 3. Sales by business area in JM Group in 2020 (Michalski, 2015).

Biedronka is the largest chain of supermarkets in Poland with over 3 000 stores and 68 000 employees. Second among the “500 Biggest Companies in Poland”, according to a study by newspaper Rzeczpospolita. In 2020, the Company recorded 13.5 billion euros in sales, increasing its market share. The name "Biedronka" means “ladybird”, and a cartoon ladybird is the company's logo.

The first store of the "Biedronka" chain was opened in 1995 in Poznań. The founder of the Biedronka retail chain was entrepreneur Mariusz Świtalski. In 1997, Jerónimo Martins bought 210 Biedronka stores and since then has been dynamically developing this chain. The first supermarkets of the chain were focused on food distribution. From the second decade of the twenty-first century, as part of the company's new strategy, the company also began

trading in industrial products, creating its own brands. To meet customers' needs, in 2014 Biedronka introduced the option of paying with a payment card.

In order to guarantee an ethical and socially engaged attitude, Biedronka has certain principles and values. Among them are focus on customer needs, efficiency, employee development and honesty (BIEDRONKA, n.d.). Biedronka has supported Polish farmers for 25 years, as many as it has been operating in Poland. In 2020, and given the added challenges that come with a pandemic, Biedronka created the “Czas na Wspieranie Małych Producentów” (*pol. It's Time to Support Small Producers*) programme through which it invites small-scale farmers to contact the Company if they need help finding an outlet for their products.

Pingo Doce was founded in 1980 and currently it is one of the largest chain stores in Portugal. It is a holding company linked in a strategic partnership with the Belgian Delhaize group. There are 441 Pingo Doce stores in Portugal and there work more than 30 000 employees. The launch of the private brand Pingo Doce took place in 1991. In 1998, the first online shop in the country was opened. In 2007 Pingo Doce was the first brand in the world to obtain certification of the development process. It was also the first supermarket in Portugal which encouraged the reuse of bags and developed the first reusable shopping bags. In 2010, Pingo Doce launched its super and hypermarkets, restaurant and take-away service. In 2015, the first Pingo Doce & Go store was opened, a new convenience store concept in cooperation with BP petrol stations, which are open 24 hours a day. The mission of the company is to bring customers a unique shopping experience in the market (PINGO DOCE, n.d.).

Both Biedronka and Pingo Doce have achieved great success in domestic markets. These stores can be found everywhere and customer satisfaction is very high. These are supermarket chains that constantly adapt to the needs of consumers, thus gaining their trust.

## 4.2 Discussion and analysis of results

The research tool used in this research work was a questionnaire consisting of 13 open questions. Data for the analysis was collected as a courtesy of Jeronimo Martins employees working in Supply Chain and Logistics Management Department, including Pedro Pais-Development and Efficiency Director, Logistics and Supply Chain and the involvement of Susana Barata- HR Officer. Each question and answer has been supported by an interpretive comment to complete and summarize the statement.

Question:

- 1) Current times are not easy for doing business. The crisis caused by the covid-19 pandemic or the recent outbreak of war just across the Polish border are forcing companies to make constant changes. What has changed in Biedronka and Pingo Doce over the past few years when it comes to supply chain? How are Biedronka and Pingo Doce adjusting to the current reality from Logistics and Supply chain point of view?

Answer:

“Ensuring stability and continuity across all supply chain links has been the most important challenge over the past years. Working closely with our suppliers and developing strategies to ensure the robustness of our supply chain and store replenishment, and to make sure the end customer does not suffer as much with all the disruptions.”

As the above statement from the Jeronimo Martins employee shows, ensuring supply chain continuity and stability is an extreme challenge in logistics, especially in relation to recent difficult political and global issues. As we can infer, a very important aspect is also taking care of the satisfaction and contentment of the end customer.

Question:

- 2) Nowadays everyone is speaking about new technologies, innovations and so on. But why technology is so important for Biedronka’s and Pingo Doce’s supply chain?

What kind of tools do Biedronka and Pingo Doce use regarding logistics processes in stores and during all supply chain?

Answer:

New technologies for us have been focused more on the digital support. Collecting and analyzing data regarding, essentially, purchasing and consumer behavior allow us to better understand our customers, anticipate their needs. From the products needs forecast, to production in supplier and to sizing distribution fleet, data and digital technologies help us.

As the above statement from the Jeronimo Martins shows, ensuring supply chain continuity and stability is an extreme challenge in logistics, especially in relation to recent difficult political and global issues. As we can infer, a very important aspect is also taking care of the contentment and satisfaction of the end customer. According to the statement quoted on page 25, “[...]creative and innovative thinking can help to predict the market and keep up with the customer needs” (SCHULTZ, 2022). We can relate it to the digital support mentioned above, which helps a lot to understand and predict customers' needs.

Question:

- 3) People are significant in every kind of business. Do you think qualified, trained employees are an important factor in Biedronka and Pingo Doce stores from logistics point of view? Is it important for you to hire only skilled and experienced people for logistics sector?

Answer:

People are the most fundamental part of our business. Considering the business development, it is always important to consider skilled employees in top positions to envision and design strategy. But also, not specialized workers are also essential to keep the business running.

From stores to warehouses and logistics, all skills and backgrounds are equally important. Each in its role.

These words are a clear confirmation of the considerations expressed on page 24, *“Skilled and motivated people are central to the operations of any company that wishes to flourish in the current time. [...] Forming the right teams for the right tasks is the essential factor for the proper functioning of the enterprise”* (BARTLETT, GHOSHAL, 2002).

However, the statement is somewhat surprising in terms of unqualified staff. Nevertheless, it may indicate that the company is open to people with different professional profiles and experience. We can also conclude that all employees, regardless of their position, should always be valued, because each of them plays an extremely important role in the overall picture and only together, with the cooperation of many people, the company is able to achieve truly spectacular success.

Question:

- 4) How does Biedronka and Pingo Doce manage cost efficiency regarding distribution in order to take a competitive advantage?

Answer:

By closely monitoring all the cost components, setting ambitious goals and always striving to perform better than the year before.

The above statement proves that planning, organizing, monitoring and controlling processes play an important role in internal logistics, as previously mentioned on page 14. Setting ambitious goals and constantly striving for ever better results than in previous years is one of the reasons why the company continues to maintain its very high position in the market.

Question:

- 5) In the assortment of Biedronka and Pingo Doce, we can find many products of local origin. Does this significantly affect the supply chain and distribution costs?

Answer:

Not only due to the supply chain costs, buying local it is also very important for the company for sustainability purposes and to support local and national businesses.

This answer shows that the company isn't only into its own interests, but also cares about supporting local and national business. This approach is very valuable for the whole supply chain and it proves that nowadays, modern companies should cooperate with each other instead of competing with each other. According M. Christopher mentioned on page 18, working together, being focused on coordination and integration brings way more profits and it leads to cooperation aimed at improving competitive position. However it refers to words quoted on page 10: *"Sustainable logistics, in general terms, is a consequence of the application of a balanced approach to the functioning of logistics chains and supply networks"* (SZOŁTYSEK, 2009).

Question:

- 6) The food industry is a very difficult area when it comes to distribution. How do you manage to ensure that the products on the shelves are always fresh? How do you organize your supply chain to always provide customers with fresh products while minimizing waste? What are the most important factors?

Answer:

Regarding fresh products, we work closely with our suppliers to reduce lead time from store order to product placement on the shelf. Lower lead times and tight timing from producer to store help us keep product freshness and increase shelf life.

As it is mentioned on page 16, the external relations of companies with suppliers, distributors and customers are an essential part of the organizational development of logistics. Traditional long lead times and high stock levels are less suitable and more costly operations. Closer co-operation with the suppliers and shorter lead time are very important factors to meet customers' needs with always fresh products.

Question:

- 7) Some goods sell better in some parts of Poland/Portugal than in others. As far as I know, the distribution centers make relevant allocations based on regional sales data. How does it exactly work? Do you think this method is profitable from a supply chain and replenishment approach regarding IT Systems and algorithms calculating your stores necessities?

Answer:

Product allocation always follows a supply chain logic and has a "full view approach". This means that we make those supported by data and stock is distributed by the stores following a rational approach – potential sales, current stock. All this is planned into the distribution routes, so it doesn't disrupt the normal distribution and supply chain work.

The above statement indicates that proper supply chain planning must include an analysis of data regarding potential sales and current stocks.

Question:

- 8) Why Biedronka and Pingo Doce decided to have its own logistics centers and distribution centers? How does this affect the whole supply chain? Does it generate significant savings in time and money?

Answer:

Having our own logistics gives us more control over the variables that affect our business. Essentially, we can better control timing, lead times, stocks, and supply chain overall costs.

The statement highlights that there are many advantages of having own logistics and distribution centers. It gives the company much more independence, freedom and therefore much more control to streamline any logistics processes taking place on a supply chain level. As it was mentioned on page 15, delegating some tasks to external entities may result in the losing control of the various logistics processes and may prevent access to the necessary information.

Question:

- 9) What is the biggest advantage of dividing Biedronka and Pingo Doce stores into categories: “Big”, “Super Big” and “Small” from distribution point of view?

Answer:

This stratification allows us to manage some variables different for each type of store. For example: the commercial offer regarding assortment, store locations.

It can be concluded that the company has a very flexible approach to doing business. At every stage it tries to adapt its shops not only to the needs of the customer, but also to external conditions, such as differentiated shop locations or special commercial offers.

Question:

- 10) Product packaging is regarded as an element of the logistics process, the proper selection of which helps to reduce the cost of goods runs and preserve the quality of

the goods. Do Biedronka and Pingo Doce pay particular attention to the packaging of their brand products, which influences distribution efficiency?

Answer:

Pingo Doce pays special attention to the environmental aspect of the Pingo Doce brand products. This means packaging, as mentioned, plays a very important role in the environmentally sustainable and responsible strategy the company works towards to. Always considering cost efficiency with packaging materials, but the environmental impact is also extremely important.

Furthermore, and beyond the packaging materials, also the sizing and handling materials and dimension and carefully selected in order to minimize supply chain and product costs, while maximizing sales potential.

The eco-friendly approach to product packaging is commendable. Companies should follow the example of the behavior implemented by Pingo Doce. We are all responsible for our environment, and with the current knowledge, conditions and technologies, companies are able to optimize all logistics processes from an ecological point of view.

Question:

11) As we know, Biedronka and Pingo Doce hold a high position in the popularity rankings among customers, being ahead of Auchan, Kaufland, Carrefour and many others. Do you think efficient logistics (planning and organizing the supply chain, distribution) contribute to this success?

Answer:

Efficient logistics and supply chain help us increase product availability on store shelves and minimizing out of stocks. This way, customers will have they're expectations when looking for they are products at our stores. So, yes. An efficient logistic and supply chain is a key success factor for Pingo Doce and Biedronka.

This is further proof that efficient logistics, proper supply chain management can be a source of competitive advantage in the market. Thanks to this appropriate approach at the logistics level, customers' needs are always met at the highest level, thus a key factor in the huge success of Pingo Doce and Biedronka.

Question:

12) Due to the high level of inflation, products and services are becoming more expensive at a very fast rate. How does inflation and increasing prices of fuel and other expenses affect the supply chain? How does the company deal with it?

Answer:

All these costs have to be carefully managed. Inflation, fuel and distribution costs are increasingly high, and that is a world known fact. As mentioned above, we must monitor every aspect of our cost structure and work towards cost efficiency. Developing productivity increase measures, searching for and implementing new technologies, approaching different ways of working in warehouses and distribution, working closely with suppliers to ensure cost efficiency across all supply chain.

Monitoring is another very important factor in effective planning and management. As it was mentioned on page 27 controlling and monitoring of the supply chain lead to maximizing customer value and gaining a competitive advantage in the market. In current times, it is essential to constantly work on improving cost efficiency. It is crucial to continuously develop new technologies to streamline all logistics processes, as well as to work closely with suppliers, ensuring the most efficient supply chain as possible.

Question:

13) How can Biedronka and Pingo Doce improve its efficiency when it comes to distribution and supply chain? What kind of improvements and innovations do Biedronka and Pingo Doce need or will need in the future to meet customer expectations and stay ahead of competitors?

Answer:

Partially answered in the previous question.

There is always a search for efficiency across all supply chain links and players. Supported by data, digital and technology, Pingo Doce and Biedronka will work always to meet customer expectation and to anticipate their needs. Improving store experience, developing new products, implementing new and more efficient work methods, we will always look to our customers and to our competitors, to learn from them and improve ourselves.

Focused on the customer, and never overlooking competitors.

Working continuously to improve the efficiency and effectiveness of all parts of the supply chain is essential for the company to remain at the top of the market. Through technological and digital developments, this company is able to meet customer expectations and anticipate their needs in the future. Apart from these expected conclusions, there are also some interesting and unexpected aspects in this statement. One is to keep an eye not only on customers, but also on competitors, in order to improve their services and learn from each other. The last sentence is very meaningful and incredibly important. Keeping an eye on the competition is also an essential factor in the competitive battle in the market.

#### **4.3 Summary of the own research**

The success of a business consists of a whole range of different factors. Undoubtedly, one of the most important aspects of doing business are logistics processes. Continuous

improvement of the supply chain is crucial to succeed in the market and gain a competitive advantage. However, this is a very complex and complicated process. Effective supply chain management requires not only the involvement of many skilled professionals, but also continuous observation, analysis, as well as the implementation of new technologies to improve existing processes.

There were also a few surprising sentences in the research that are worth reflecting on and considering in the context of running a modern, thriving business. One of these concerns a fundamental and integral part in any company-people. It is the employees and the teams made up of them that determine the success of a company in the market. Thanks to the commitment of many people, companies are able to prosper in the best possible way, meeting customer expectations and standing at the forefront of the market. It is particularly worth emphasizing that the diversity of the people employed is very important. To be successful, companies need more than just highly educated staff who are involved in strategic decision-making. Equally important are the people who operate the shops or warehouses on a daily basis. Every employee should be valued and respected, as each has an individual contribution to make to the holistic success.

Another surprising theme in the research was the issue of supporting local and national businesses. This finding is based on the theory, repeatedly propounded by M. Christopher, that cooperation and support between different parts of the supply chain can be much more beneficial than supposed. At this stage, companies should focus on collaborating rather than competing, ultimately everyone comes together to link the supply chain, and currently the supply chains compete with one another rather than individual suppliers or buyers.

And the last, but not least, the significant issue raised by Jeronimo Martins' employees is ecology. As we can see, this is a very important aspect in building a successful business. The fact that this issue was raised in one of the responses gives great optimism and belief that companies nowadays do not only think about their own interests, but also about the well-being of all of us. Caring about the environment can add value here. There is more and more discussion nowadays about caring about our environment. Consumers are also

becoming more aware and paying more attention to this issue. Undoubtedly, the environmental aspect affects a company's competitive position in the market.

To sum up, this research indicates some of the most important issues in driving a business from logistics point of view. It is a very complex discussion, but only a general and holistic view helps us to understand the assumptions that affect competitiveness in the market. We cannot consider successful logistics only in terms of the supply chain. A broader view is necessary to see how many factors are equally important in a company to be triumphant in the market.

## Summary

The success of a business consists of a whole range of different factors. Through the use of logistics competence, a company can achieve the desired market-economic effects that are determinants of the market success.

The goal of the study was achieved through research based on the Jeronimo Martins Group. Based on the results of the study, it was investigated that a number of factors affect the competitiveness of Jeronimo Martins. Starting with the organizational structure, supply chain or logistics systems that improve the planning and organization of the distribution of goods, which ultimately translates into efficiency and competitive advantage. The thesis shows that bringing together all entities in the supply chain, from the producer to the end customer, is a key approach to succeeding in today's very tough and demanding market. A company's success in a competitive market depends on its ability to adapt to constant changes in the environment. An integral part of being prosperous is setting ambitious goals that motivate to achieve better and better results. Continuous improvement of the supply chain is crucial to succeed in the market and gain a competitive advantage.

A modern management approach today is a key success factor for companies to achieve their long-term goals. Companies seeking more advanced and efficient solutions will be able to maintain or strengthen their competitive position in a stormy environment. A company's success in a competitive market depends on its flexibility and ability to adapt to the constant changes in its environment. A company that does not change or is too slow to react to events in the environment is likely to fail.

This work and the results of the research contained therein draw attention to the concept of logistics in its broadest sense and the aspects of logistics that influence competitive advantage in the market. The research carried out makes us realize that achieving spectacular success is a complex phenomenon. However, we can distinguish several aspects that underpin all success.

The first is the constant striving for excellence and achieving ever better results. The fundamental factor is the people who make up the entire organization and it is only with the

right team that the company is able to be successful. Strengthening the relationship between all supply chain players and treating it as a collaboration rather than a competition is also an extremely important point. In all the complexity of the supply chain, the ecological aspects must not be overlooked, as they not only affect our environment but also relate to a company's competitive advantage. The implementation and testing of new digital technologies and tools can be a great help in developing the efficiency of a company's processes. It allows continuous monitoring of results and shows the possibility of implementing further improvements. On the way to achieving a competitive advantage, it is important not to forget about competitors. A careful observation can bring a lot of benefits to a company, from which it can learn a lot and it can be an inspiration for implementing new ideas into the company. The arguments formulated and described in the thesis prove that there is no competitive advantage without effective logistics and continuous work on improving logistics processes.

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## Appendix

### 1. Appendix A – Interview questions.

- 1) Current times are not easy for doing business. The crisis caused by the covid-19 pandemic or the recent outbreak of war just across the Polish border are forcing companies to make constant changes. What has changed in Biedronka and Pingo Doce over the past few years when it comes to supply chain? How are Biedronka and Pingo Doce adjusting to the current reality from Logistics and Supply chain point of view?
- 2) Nowadays everyone is speaking about new technologies, innovations and so on. But why technology is so important for Biedronka's and Pingo Doce's supply chain? What kind of tools do Biedronka and Pingo Doce use regarding logistics processes in stores and during all supply chain?
- 3) People are significant in every kind of business. Do you think qualified, trained employees are an important factor in Biedronka and Pingo Doce stores from

logistics point of view? Is it important for you to hire only skilled and experienced people for logistics sector?

- 4) How does Biedronka and Pingo Doce manage cost efficiency regarding distribution in order to take a competitive advantage?
- 5) In the assortment of Biedronka and Pingo Doce, we can find many products of local origin. Does this significantly affect the supply chain and distribution costs?
- 6) The food industry is a very difficult area when it comes to distribution. How do you manage to ensure that the products on the shelves are always fresh? How do you organise your supply chain to always provide customers with fresh products while minimising waste? What are the most important factors?
- 7) Some goods sell better in some parts of Poland/Portugal than in others. As far as I know, the distribution centers make relevant allocations based on regional sales data. How does it exactly work? Do you think this method is profitable from a supply chain and replenishment approach regarding IT Systems and algorithms calculating your stores necessities?
- 8) Why Biedronka and Pingo Doce decided to have its own logistics centers and distribution centers? How does this affect the whole supply chain? Does it generate significant savings in time and money?
- 9) What is the biggest advantage of dividing Biedronka and Pingo Doce stores into categories: “Big”, “Super Big” and “Small” from distribution point of view?

- 10) Product packaging is regarded as an element of the logistics process, the proper selection of which helps to reduce the cost of goods runs and preserve the quality of the goods. Do Biedronka and Pingo Doce pay particular attention to the packaging of their brand products, which influences distribution efficiency?
  
- 11) As we know, Biedronka and Pingo Doce hold a high position in the popularity rankings among customers, being ahead of Auchan, Kaufland, Carrefour and many others. Do you think efficient logistics (planning and organizing the supply chain, distribution) contribute to this success?
  
- 12) Due to the high level of inflation, products and services are becoming more expensive at a very fast rate. How does inflation and increasing prices of fuel and other expenses affect the supply chain? How does the company deal with it?
  
- 13) How can Biedronka and Pingo Doce improve its efficiency when it comes to distribution and supply chain? What kind of improvements and innovations do Biedronka and Pingo Doce need or will need in the future to meet customer expectations and stay ahead of competitors?