

EROSKI GIBRALTAR

MARRYING TWO WORLDS



With more than 600 franchised supermarkets in Spain, Bilbao-headquartered Eroski has been a familiar sight in Gibraltar since 2012 and opened its fifth store on the Rock in South District last August. Simon Warburton sat down with Eroski Gibraltar Supermarket Director, Daniel Massias to talk everything from churros to mince pies.

Maybe it's something to do with a fierce streak of independence running through both territories, but Basque-infused Eroski and Gibraltar seem kindred spirits when it comes to doing business. The relationship that saw Eroski start up in Gibraltar as a franchise began when contact with the Basque supermarket came about suddenly 13 years ago.

The Eroskis on the Rock look to marry both Spanish and British influences by having goods from both countries to satisfy Gibraltar's diverse needs, as Daniel Massias explained: *"We thought that a hybrid would be best – having a base in Spain and bringing the extras from the UK,"* he said. *"Being in Gibraltar, we needed that British element. We're not English, we're not Spanish; we're Gibraltarian, we're used to churros, but then we also need corned beef, Easter eggs and mince pies."*

It's been a steady progression from parent Rotunda Holdings opening the first Eroski franchise opposite the airport in 2012, to the fifth store last year, with customers benefitting from healthy competition with Morrisons.

"Just before we opened in 2012, we had local suppliers in mind, but we knew that we needed a strong British brand to complement our offering and so December 2012, two weeks before opening, we entered into a supply agreement with Waitrose," said Massias. *"Usually, these agreements take six to twelve months to finalise with any partner, but by January we had placed our first order and in February 2013 we had Waitrose goods on our shelves. It was a super quick turnaround, and it was very well received by our customers."*

In at the deep end

Massias' father Abe clearly had a wealth of business experience, but how was it for Daniel arriving straight from a university with a law degree?

"I had no experience when I came, I was fresh out of university," he said. *"It was daunting as I was literally thrown in the deep end. I had my father, who was an experienced businessman, and I*



also had my brother, Solomon who had been working with my father for around 15 to 20 years before I arrived. Myself, my brother and my sister joined about five years ago, so it really is a family-run company.”

The Bilbao co-op giant lent its considerable weight to underpin that family in Gibraltar, passing on its know-how, while Waitrose clearly also had a wealth of supermarket experience to impart, and the support paid off as “Gibraltar was a success immediately,” Massias notes.

“There was a director of franchises who really took a gamble in Gibraltar because at the time in Spain the group was going through a tough time. Gibraltar was their first international venture and when it opened it was a huge success – we beat all targets in our first year, so we were the talk of Eroski Spain for a few years and really gave them a lot of encouragement. It’s not often you see two different supermarkets under one roof, because Waitrose and Eroski co-exist in one.”

The Eroski franchise model usually dictates that up to 95% is sourced from HQ. However, Eroski understood that stocking UK and local products was a



must to make the venture a success and has been accommodating in allowing us to buy a much higher percentage from outside their range. “Ultimately local goods need to be there,” said Massias. “Products like alcohol are impossible to buy from Spain. With our fruit and veg, we buy from regional Spanish suppliers just to give the extra quality, which we know our customers want.”

Gaining market share

Just like other supermarkets, Eroski Gibraltar can be buffeted from the impact of events such as the floods in Valencia, but it has the backing of Eroski’s HQ in Bilbao to smooth the troughs and peaks, and this has enabled the Gibraltar operation to be profitable for the last ten years.

“During the pandemic, they knew Gibraltar was a small place and didn’t have a lot of options, so Eroski Spain gave Gibraltar priority over all of their other stores for anything we needed,” said Massias. “They still give us priority because they know Gibraltar is a vulnerable place.”

But now there are five Eroskis in Gibraltar, as well as a plethora of other shopping opportunities on the Rock,



so is there a danger of the market becoming saturated?

“That’s been the story people have told us from the beginning when we opened the first store in 2012,” said Massias. “And then each time we’ve opened smaller stores, we realised we were just gaining market share rather than our stores being affected. And it’s been the case with all the stores. We opened the ICC shop in 2016, and it didn’t affect sales at our main store. Then in 2019 just before the pandemic, we opened in Midtown; in 2022 we opened in Mons Calpe and in 2024 we opened one in the South District. We’ve noticed that we have just been gaining customers generally, rather than cannibalising any of the existing stores.”

On the lookout

“We still feel there are a few more pockets of opportunity. There are new developments coming on the East Side. People are begging us. We are always open to opportunities, but supermarkets are a low margin business, so you can’t really afford to pay top rent, and rents in Gibraltar are high. But we’re always on the lookout for possible new locations.

“We actually use census data before we open any new store. It was a bit frustrating for the South District store because we

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thought we would have had the census data available, so we had to guesstimate a bit, but before we open any store, we check the demographics of the surrounding area and see how many people live there.”

From a standing start, Massias says he would like to think the Eroski Gibraltar franchises now have around a 50 per cent market share and with that penetration comes employment opportunities for locals and for those across the border, generating more than 200 jobs. These jobs weren't there 13 years ago.

“Going to our Christmas party is like a wedding,” said Massias, adding: “But it’s nice to support so many people. We try and recruit locally in Gibraltar, but this is hard as there is very little unemployment. So, it would be impossible to have everyone local. We try, but ultimately most of our employees are from across the border.”

Brexit issues

Brexit has thrown up challenges, and for Eroski Gibraltar those have included issues around the supply chain and goods, especially from the UK.

“Post Brexit, we had huge issues with the supply chain from UK, goods and delivery costs skyrocketed. Air freight is too expensive, so at the moment we bring our goods from the UK by lorry and sea. The sea part is totally due to Brexit as we have to circumvent the border checks in France for products of animal origin. It takes about two to three weeks to get here.

“So post-Brexit, logistics, working it all out, around 40% of our Waitrose products have had to be delisted, and now slowly we’re climbing up, becoming more agile with paperwork at the borders, so every time we’re learning.

“Managing inventories is a challenge as we have to order two weeks ahead. So, between placing an order and the time it takes for the goods to get here, could take up to four or five weeks.

“The pandemic obviously changed many aspects of life, but one which may become more permanent is how customers have become used to ordering their shopping online. Eroski Gibraltar currently only has a small percentage of its customers – 5% - choosing to shop that way, but we have ploughed resource into our online offer and are encouraging Gibraltarians to shop locally. For those who use it regularly it is a lifeline, particularly with our home delivery service.”

One-stop shop

“Gibraltar Eroski made a huge investment to adapt its website, to accept pounds and it has kept on investing because we still would like to improve even further and add more local products onto our website,” added Massias. “But then again, we’re the only one offering online grocery shopping and home delivery in Gibraltar.





“We try and give Gibraltarians a one-stop shop, so they don’t have to go to Spain to get what they want from there, and also complement that with English products from Waitrose. We also support about 15 Gibraltarian suppliers who bring in English products.”

“We do price checking, even though Eroski does it, we price check also with Spain, so we try and give the customer good value for buying locally and not having to bother with going to Spain and maybe getting stuck in the queue for an hour with the ice cream or other frozen products defrosting and fresh products going bad.”

There is a physical Eroski loyalty card – plans are afoot to digitise it – allowing customers to collect club coins, where up to half a percent of customers’ shopping goes into a club coin. Eroski also runs voucher weekends throughout the year where up to 25% of a shopping basket can be given as vouchers. This helps to instil customer loyalty, but also keeps people shopping local instead of going to Spain.

Sustainability improvements

What does the future hold for Eroski in Gibraltar and how will that landscape evolve in terms of online and sustainability?

“We envisage growing our online offering, but we also see people like to come and choose their own products,” said Massias. “We are also on Hungry Monkey, so it means in an hour you can have a selection of products delivered to your door. We try and make sustainability improvements ourselves, but we also rely a lot on what Eroski does in Spain. Recently, we increased the height of our pallets to get more into our trucks. We only use paper bags and our newest store has a brand new energy efficient refrigeration system.”

“It’s rolling out all these improvements so when we open a new shop we make sure we have the whole package in our new shop. Over time, we will gradually upgrade our systems in the older shops as well.”

Community is also important to Eroski, with the shops partnering with local charities such as the EV Foundation to prepare packed lunches for disadvantaged schoolchildren.

“In thirteen years, we have come a long way to become a valued part of the local community.”