

MARKETING PLAN OF



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DEGREE IN BUSINESS ADMINISTRATION

AE1049 – FINAL GRADE WORK

2017-2018 COURSE

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1 EXECUTIVE SUMMARY

In this document, reference is made to the market leader of olive oil, MIGASA, which through its investee company Grupo Ybarra Alimentación sells several products, among which is the packaged olive oil that will be developed in this marketing plan.

The brands offered by MIGASA in the domestic market of packaged olive oil are the second in volume, only behind the Portuguese Sovena, which markets its products through the Mercadona white label.

The main brands under which MIGASA trades its products are Ybarra and La Masía. The company, in addition to having two of the main brands in the market, has other strengths such as facilities to cover the full value chain of the product and strong distribution power.

The price of olive oil is one of the most important variables, with high volatility, which can lead to changes in the consumption of substitute products with more interesting prices, such as sunflower oil or seed oil.

However, in addition to price circumstances, it has been observed that in the last three decades the trend is unequivocally the decrease in consumption, having been detected that the main cause is that there are large differences between the per capita consumption of the population over 50 years and minors at that age.

Despite the leadership in the market, MIGASA after the market analysis has proposed objectives such as increased sales and profits or improved consumer satisfaction. For this purpose, strategies, actions and budget have been designed, as well as a control system to assess the achievement of them.

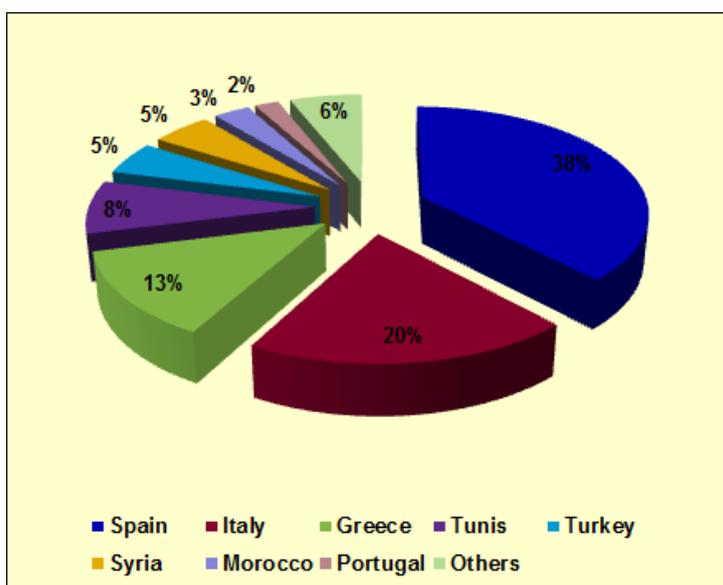
2 SITUATION ANALYSIS

2.1 Internal Analysis

2.1.1 Presentation of the company

One of the most important sectors to the agriculture of the European Union is olive oil, more to the point, it is crucial for the Mediterranean states, where there is a long-established tradition of olive oil production. Indeed, as can be seen in Graph 1, olive oil production in only three countries makes up 71% of worldwide production during the period covering the years 1990 to 2015. These countries are Spain (38%), Italy (20%) and Greece (13%). Other countries with relatively high levels of olive oil production are Tunisia (8%), Turkey (5%), Syria (5%), Morocco (3%) and Portugal (2%) (IOC, 2017). Therefore, one of the main reasons why I chose this subject for my final project is the great significance of olive oil production for Spain.

Graph 1. World Production of Olive Oil (1990-2014)



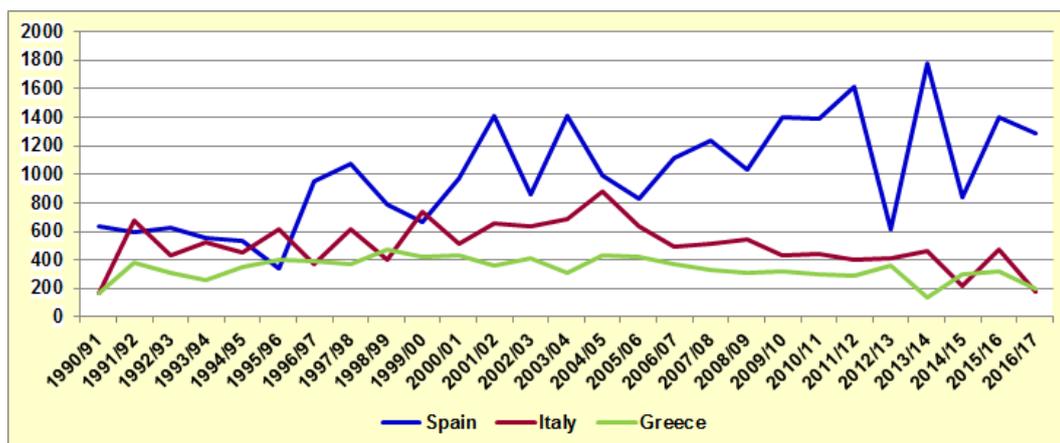
Source: Own elaboration. Data: IOC, 2017

Whereas the production of olive oil, just as any other agricultural good, depends on many different circumstances, especially those related to weather conditions, it is clear that global production has increased over the past 25 years. During 1990/1991 season, the world's production was 1.453 million tonnes, while during 2013/2014 season the figure reached 3.252 million tonnes. However, as already mentioned, this product is closely linked to weather conditions, which explains why its production dropped to

2.444 million tonnes during 2014/2015 season. Afterwards, during 2015/2016 season, it rose to 2.989 million tonnes, which represents a substantial increase (IOC, 2017).

As stated above, Spain, Italy and Greece are the three major producers of olive oil in the world. The development of their production can be observed in Graph 2. It shows a clear trend upwards in the Spanish production, whilst the Italian and Greek trend remains constant or even decreases.

Graph 2. Production of Spain, Italy and Greece (Thousand Tonnes)



Source: Own elaboration. Data: IOC, 2017

In spite of the fact that Spain is the world's largest producer of olive oil, it is the second largest consumer, being Italy the first one. In 2015/2016 season, Italy consumed 581,000 tonnes of olive oil and Spain only around 490,000 tonnes. The third largest consumer is the United States, with 308,000 tonnes consumed. In the latter case a steady increase can be seen, for the consumption of olive oil in the United States in the early '90s was only 80,000 tonnes (IOC, 2017).

Although there is a significant gap between Spanish and Italian production, numbers are quite similar when it comes to the export market (235,000 tonnes from Spain and 220,000 tonnes from Italy in 2016). This is because Italy is a heavy importer of Spanish olive oil in bulk. That way, the country is able to cover the deficit between productions and domestic or external (exports) consumption (IOC, 2017).

MIGASA, one of the Spanish leading companies in this sector, produces large amounts of olive oil in bulk, which are distributed to bottling firms not only in Spain, but also in Portugal and Italy. Thus, this company has been selected as the object of analysis in this project.

El Economista (*The Economist* in English), a Spanish digital publication, has compiled a list of the main companies in each economy sector taking into account the CNAE (National Classification of Economic Activities). CNAE sector 1043 is the one that refers to olive oil production and MIGASA is ranked first in it because of its billing, as shown in the following table:

Table 1. Sectoral Classification of Companies (CNAE 1043)

Sector Position	Company	Billing (€)
1	MIGASA, S.L.	575.274.192
2	Deoleo, S.A. - Grupo	535.140.000
3	Aceites del Sur-Coosur, S.A. (Acesur)	401.810.725
4	Borges Agricultural & Industrial Edible Oils, S.A.U.	333.974.000
5	FJ Sánchez Sucesores, S.A.	170.497.260
6	Antonio Cano e Hijos, S.A.	103.493.363
7	Romero Álvarez, S.A.	52.678.912
8	Olivar de Segura, S. Coop. Andaluza	52.068.872
9	Aceites García de la Cruz, S.L.	42.712.253
10	Oleo Verde, S.L.	42.079.223

Source: Own elaboration. Data: El Economista, 2017

The history of this company goes back to the early 1930s when Miguel Gallego Núñez, the founder of MIGASA, began to market olive oil.

MIGASA as a company is founded in 1960. Over the decade, the second generation of the Gallego family gets into the business and, since the company starts to grow, they acquire more properties.

During the 1980s, MIGASA initiates a strategic long-term plan in order to give professional status to the family business and also expands its facilities. From then on, the company becomes one of the main providers of olive oil in bulk for bottling plants mainly in Spain, Italy and Portugal.

Relying on its extensive experience in the sector, MIGASA decides to complete the value chain, which goes from the olive oil production to the end consumer, developing a strategic partnership with Hijos de Ybarra, a pioneer company in olive oil bottling and exportation.

As early as 2000, MIGASA acquires the second largest olive oil brand in Spain (La Masía), which was property of the Unilever group. In the same decade, MIGASA branches out into new sectors related to olive oil. In this regard, one of its most recent achievements was the purchase of 50% of Hijos de Ybarra, which resulted in the creation of Grupo Ybarra Alimentación, meaning that MIGASA entered the industry of sauce, mayonnaise, olives, canned vegetables and vinegar.

At present time, MIGASA is the first agri-food company in Andalusia and the third generation of the family is already working to maintain its status. It relies on a team of around 500 professionals and it has become a symbol for olive oil in Spain and in the whole world, for it is present in more than 90 different countries

Even though MIGASA owns a good number of brands, the main ones are Ybarra, La Masía and Rafael Salgado.

Figure 1. Main reference brands



Source: Own elaboration

Therefore, the company is now diversified and works in sectors that are somehow connected but belong to separate markets, each one with its own features. Therefore, a thorough analysis of every market involved should be undertaken.

However, throughout this document, the analysis will be focused only on the bottled olive oil market. MIGASA makes use of Grupo Ybarra Alimentación S.L. to trade in this market. It was established in 2009 as a result of Ybarra's financial difficulties (despite being a 170-year-old company) and MIGASA's desire to expand. Consequently, the

products that this group markets (mainly through Ybarra and La Masía, both shown in Figure 1) will be the object of this analysis.

MISION

The mission of MIGASA is to become a world leader as a producer, packer and marketer of olive oils, sunflower and other fats, as well as sauces, olives and related products.

VISION

The vision is to consolidate a Business Group capable of satisfying the needs of the most demanding markets.

VALUES

- Customer service, adapting to their needs and trying to forge a solid long-term relationship.
- Quality: All the products and processes pass rigorous controls to guarantee the maximum quality in favour of the satisfaction of the final customer.
- Teamwork: Human resources are valued, their capacities and motivation are encouraged in the search for continuous improvement.
- Professional development: Equal opportunities and integral and permanent training of employees are encouraged.
- Innovation: Aware of the importance that this implies, it constantly invests in the achievement of more advanced developments.
- Social responsibility: Committed to sustainable development, trying to benefit both the organization and society.
- Globality and proximity. MIGASA group defends that they are not antagonistic concepts: one can have a global vision but at the same time be aware of the closest actualities.
- Excellence: The result of applying all the principles and values.

Figure 2: Company values



Source: Own elaboration

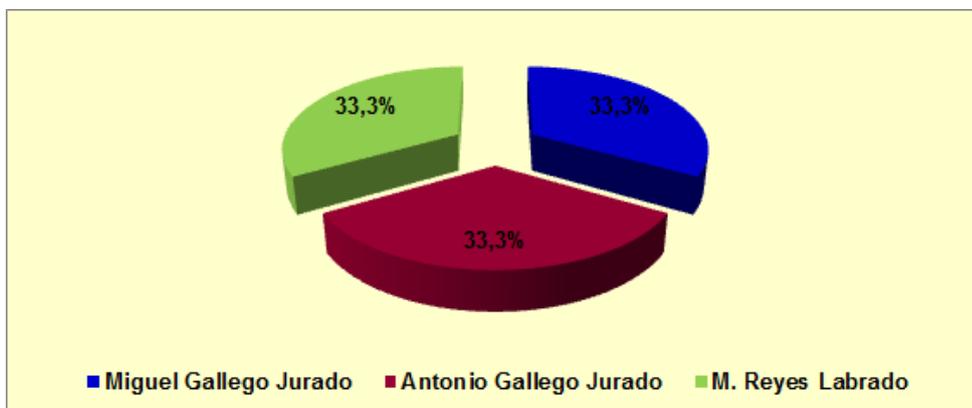
2.1.2 Company Resources

2.1.2.1 Human Resources

The company employs around 500 people who have been trained in accordance with certain values already displayed in Figure 2. Despite being a big company, MIGASA maintains its family nature. Every single area of it is headed by members of a family with long experience in the olive oil sector. They all have good knowledge of how everything works, and they have a strong commitment to the company, since they are always trying to ensure common benefit instead of personal gain.

Graph 3 shows MIGASA's current composition of share ownership. As can be observed, Miguel Gallego Jurado and Antonio Gallego Jurado, the two sons of its founder, as well as the widow of a third son, María Reyes Martínez, are on the list.

Graph 3. Current composition of share ownership



Fuente: Own elaboration. Data: SABI, 2017

Regarding to the company’s board of directors, its presidency is held by Miguel Gallego Jurado as a rotating chairperson. The other two business consultants are Antonio Gallego Jurado and Diego Gallego Reyes.

In addition, Antonio Gallego Jurado is the ongoing general manager of the group and, besides Diego Gallego Reyes; there are other members of the third generation of the family already working in management positions like legal advice and sales management.

With regard to Grupo Ybarra, its president is MIGASA’s business consultant and general manager Antonio Gallego Jurado. Its executive vice president is Carlos del Río González and its business consultants are Miguel Gallego Jurado and Diego Gallego Martínez (Gallego family) and Iñigo de Ribera Ybarra and Luis Ybarra Cologán (Ybarra family).

The main management positions of Grupo Ybarra are as follows: Francisco Viguera del Pino, executive director; Gonzalo Ybarra Loring, manager of marketing and communication; Tristán Ybarra Sainz de la Maza, export manager and Pedro Rico de la Rosa, consumer manager.

2.1.2.2 Financial Resources

Although the products that will be analysed throughout this paper are marketed by Grupo Ybarra Alimentación, the truth is that MIGASA provides the actual financial strength. Therefore, according to the consolidated annual account of 2015, MIGASA's total assets were around 450 million euros. Moreover, it had a suitable level of indebtedness (under 50%) and it generated sales of over a billion euros. Table 2 summarises the group's key financial figures.

Table 2. MIGASA's financial figures in 2015 consolidated CC. AA.

	Million €
Total Assets	450,8
Own Funds	243,7 (54%)
Sales	1.033,20
EBITDA	45,1
Net Profit	34,6

Source: SABI, 2017

In Table 3 the key financial figures of Grupo Ybarra Alimentación during the same financial period are displayed. As illustrated here, its figures are less solid than the ones shown in Table 2, hence the importance of MIGASA's financial support.

Tabla 3. Ybarra's financial figures in 2015 CC. AA.

	Million €
Total Assets	97,3
Own Funds	13,9 (14%)
Sales	195,8
EBITDA	-0,5
Net Profit	-1,0

Source: SABI, 2017

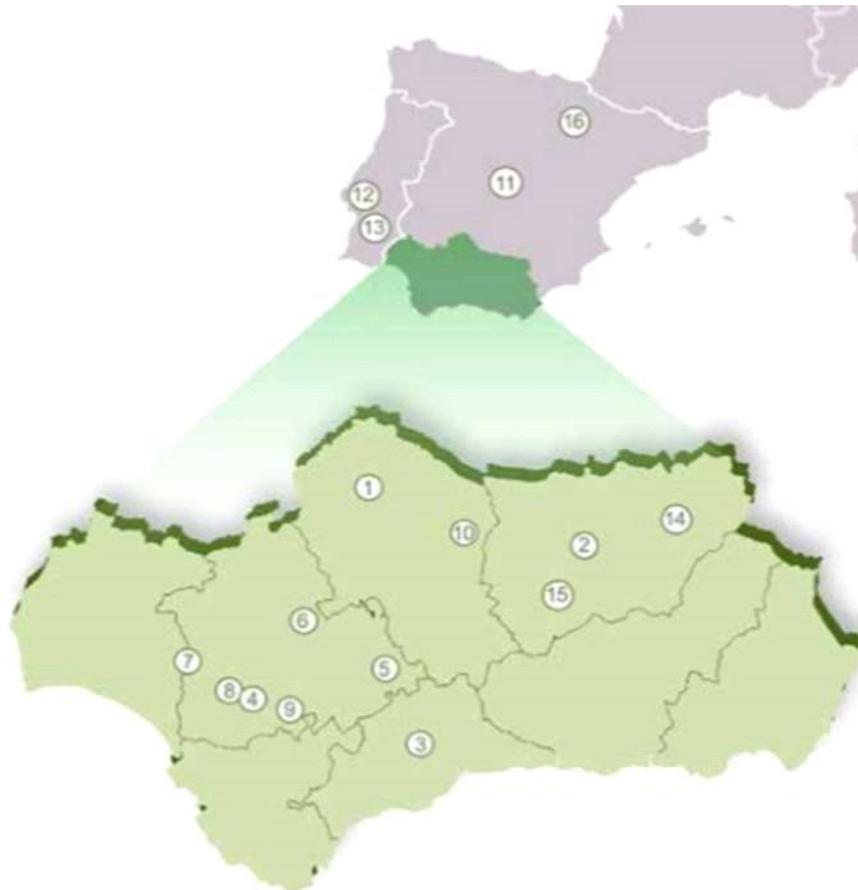
2.1.2.3 Physical and Technical Resources

Taking into account that the products bottled by Grupo Ybarra Alimentación will be the object of the analysis, it seems logical to study this group's physical resources. However, MIGASA's involvement in this group had as its primary objective to generate synergies. Thus, the physical resources of MIGASA will not be disregarded.

MIGASA is equipped with the following facilities: olive mills, where the oil is extracted from the olives; oil refineries, where olive oil is processed (this is vital, since due to its organoleptic characteristics unprocessed olive oil would be unfit for human consumption) and pomace oil extraction plants as well as plants intended for the extraction of other vegetable oils, and their respective refineries. Therefore, synergies generated between MIGASA and Grupo Ybarra Alimentación are straightforward: MIGASA supplies the raw material and Grupo Ybarra Alimentación bottles the product. In this manner, the intermediaries numbers and channels decreases, so both companies are able to reduce inefficiency and improve their added value.

These are the facilities which MIGASA is equipped with:

Figure 3. Main MIGASA facilities



Source: Website MIGASA, 2017

The following table displays the map legend:

Table 4. Main MIGASA facilities

1. Bottling plant. <i>Alcolea</i>	9. Olive mill. <i>Morón de la Frontera</i>
2. Distillation plant of fatty acids. <i>Mengíbar</i>	10. Pomace oil extraction plant. <i>Villa del Río</i>
3. Olive mill and pomace oil extraction plant. <i>Villanueva de Algaidas</i>	11. Distribution plant. <i>Getafe</i>
4. Distillation plant of olive and sunflower oil. <i>Dos Hermanas</i>	12. Bottling plant. <i>Setúbal (Portugal)</i>
5. Seed extraction plant. <i>Roda de Andalucía</i>	13. Extraction plant. <i>Ferreira do Alentejo (Portugal)</i>
6. Pomace oil refinery and seed extraction plant. <i>La Luisiana</i>	14. Refinery and extraction plant. <i>Castellar</i>
7. Seed extraction plant. <i>Pilas</i>	15. Olive mill. <i>Los Villares</i>
8. Bottling plant. <i>Dos Hermanas</i>	16. Canned vegetables packaging plant. <i>Lodosa</i>

Source: own elaboration. Data: Website MIGASA

MIGASA’s headquarters are located in Dos Hermanas. Nevertheless, the products are distributed from Getafe (number 11 in the map) with the objective of facilitating both national and international commercialisation. Grupo Ybarra Alimentación makes use of this same distribution plant to market its products.

As for facilities owned by Grupo Ybarra Alimentación, they are located in number 8, where oil, mayonnaise and different sauces are bottled, and number 16, where fried tomato, *pisto* and vegetables are canned. All these products are marketed under the trademark Hacienda Ybarra and they will not be part of the analysis.

2.1.2.4 Resource and Development

An important research in the field of life and food science has been carried out over the last two decades. Its results have brought to light how beneficial to health it is to follow a healthy diet.

From MIGASA’s perspective, promoting health means not only social welfare but also progress. Therefore, for several years now, it has been introducing a research and development strategy which has a higher budget with every year. The target of this strategy is to create healthy products and to enhance the quality of life of the people,

reducing the risk of developing heart diseases and cancer. Naturally, MIGASA draw on new technologies and scientific progress to do so.

A case in point is the company's involvement in the CENIT-HIGEA Project in 2010, which main goal was to design lipid foodstuffs that would be suitable for a heart-healthy diet. Likewise, MIGASA is currently working on the Innpacto Programme, which has been funded by the Spanish Ministry of Science and Innovation with the aim of developing healthier meat products from products of the olive tree. Besides, the company is working on another project carried out by the Technology Fund and supported by the Centre for the Development of Industrial Technology.

2.1.2.5 Corporate Social Responsibility

The company controls the entire production process in order to make sure that its olive oil preserves all its properties. It also attaches great importance to the derived and it ensures that all techniques and processes involved are eco-friendly.

MIGASA was the first Spanish company to obtain the Integrated Environmental Authorisation thanks to its good environmental practices at all stages of production. As an example, it generates electricity for its own plants with the olive waste obtained during the extraction process. It makes use of its derivatives as well: to produce feed from the flour that comes out of sunflower seeds and it allocates to pharmaceutical and cosmetic industry its surplus of fatty acids, so it can be used to produce soap and ointments.

Otherwise, MIGASA collaborates with the Spanish Association against Cancer through its trademark La Masía. Since the year 2015, it sponsors the Race of Women that this association organises. In 2016, the company raised funds for cancer research with the purpose of enhancing both the effectiveness of treatments and the standard of living for patients. One year later, La Masía brought to the market a limited edition of its olive oil bottle that had the symbol of the Association on it. A share of the profits made on sales was donated to that same association.

And last but not least, the Confederation of Employers of Seville granted Grupo Ybarra with the X Rafael Padura Rodríguez Award in 2015, due to its social commitment, promotion of Sevillian enterprises and contribution to the development of the province.

2.1.2.6 Quality

One of the main concerns of MIGASA is to provide high quality products. To this end, it uses state-of-the-art techniques and carries out comprehensive checks on oil. According to a study on olive oils marketed in Spain, Ybarra's 'Gran Selección Afrutado' is the second-best oil, on the basis of its characteristics, properties and price (OCU, 2012). The main certificates that guarantee its quality are as follows:

- ✓ UNE-EN-ISO 9001:2008 and UNE-EN-ISO ISO 22000:2005: regulations concerning quality management systems and product traceability.
- ✓ BRC (British Retail Consortium) Protocol: guarantee of safety and quality of food. In Spain, MIGASA is the first sauce producer and the second oil producer in getting this award. This constitutes an important achievement, since the company consents to receive unannounced audits on its facilities in order to get it.
- ✓ CAEE: certificate of organic production for non-EU countries.
- ✓ Due to its exporting nature, it has been Kosher certified (which allows the company to trade with the Jewish community) and Halal certified (which allows it to trade with the Muslim community).

Figure 4. Main Certificates



Source: MIGASA website

2.1.2.7 Marketing Resources

In this section, the four main variables in marketing, namely product, price and distribution and communication channels will be described.

PRODUCT:

Grupo Ybarra Alimentación markets its products under two different trademarks: Ybarra and La Masía. On the one hand, Ybarra was the brand already used by this group even before MIGASA became part of its shareholders. On the other hand, La Masía, which was created in the 1950's, was property of MIGASA since the beginning of the century. The group decided to maintain both brands so consumers could keep

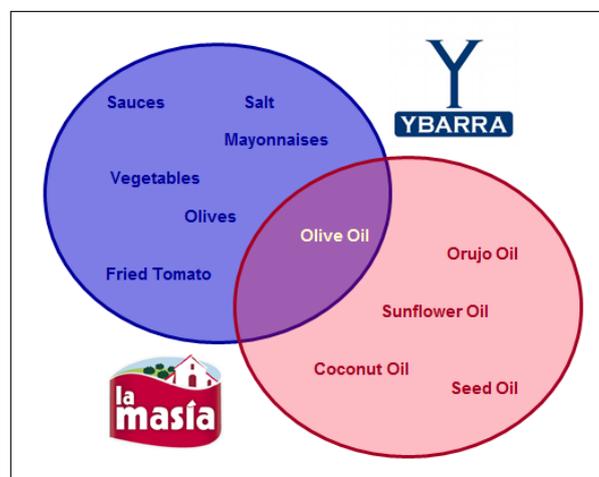
faithful to them. However, regarding the olive oil itself, the varieties that the two brands offer are almost perfect substitutes.

Nonetheless, Ybarra, as a brand, works with other products besides olive oil, while La Masía provides many different oils. Accordingly, it could be said that Grupo Ybarra Alimentación carries out two different growth strategies simultaneously.

MIGASA makes use of La Masía to address the current market of olive oil consumers. In doing so, it uses a product development strategy, being the new products other oils like seed oil, pomace oil, sunflower oil and coconut oil. Certainly, although they are indeed different products, they are addressed to the same market. That is why this is an example of a product development strategy.

Meanwhile, MIGASA carries out a diversification strategy using its brand Ybarra: it addresses different markets providing different products. In this case, the diversification is somehow connected because the products we are talking about are mayonnaise, sauce, vinegar, vegetables, olives, salt and fried tomato. The difference between this kind of strategy and the one that MIGASA carries out with La Masía is very subtle and depends on how we define its market: if we consider the market of olive oil consumers, products like mayonnaise and sauce are clearly different products that address other markets (diversification strategy); however, if we consider families as a market, all the different products developed by Ybarra would be suitable for that same market (product development strategy).

Figure 5. Products offered by Grupo Ybarra Alimentación



Source: Own elaboration

La Masía within the category olive oils offers five types:

- **Extra virgins:** are the pure olive juices that retain all their properties, are the highest quality and within this group are the Premium and Standard.
- **Virgins:** are olive juices too but the quality of the raw material and its properties are inferior. In this category you will find oil named “Selección”.
- **Refined:** denominated as "olive oils" by trademarks, are mixtures of virgin and refined (defective oils). Quality and organoleptic properties inferior to the previous ones, within this class the “Sumum” and “Clásico”.
- **Orujos,** are those of lower quality, contain a mixture of virgins and oils obtained from solid residues of the olive.
- **Monovarietal,** a unique variety of olives is used to obtain them and in the portfolio we find “Hojiblanca”, “Picual” and “Arbequina”.

La Masía is positioned as a brand close to the consumer. Its slogan is ‘your home’s oil’. Its wide range of products is adapted to usage trends and consumer preferences and it targets mainly the national market. Its red logo seeks to draw attention and boost demand. Likewise, the house in the background of the logo symbolises trust and closeness.

Figure 6. Products offered by La Masía



Source: Own elaboration. Data: Website La Masía

Ybarra is an icon of Spanish food. It has been working at both the national and the international level for more than 170 years. It offers high-quality and well-presented products, meeting a reference position for the rest of Spanish food companies. Ybarra is acknowledged as part of the Spanish food tradition. Its slogan is ‘today and always’ and its bright white label symbolises purity. Furthermore, the initial of the family name conveys the prestige of it within food industry. Although there are no significant differences between oil categories on its web page, it can be noted that those oils belonging to a higher category are packed in glass bottles and slightly more expensive.

The types of olive oils sold are the following:

- **Virgins extra**, those of higher quality, among which are “Primera Cosecha”, “Afrutado” and “Ecológico” and “Aromatizados” with chilli, truffle garlic and basil.
- **Refined**, within these offers the variety “Suave” and “Intenso”

Figure 7. Products offered by Ybarra



V.E. Primera Cosecha V.E. Gran Selección Afrutado V.E. Ecológico V.E. Clásico A.O. Intenso A.O. Suave



V.E. Guindilla V.E. Trufa V.E. Ajo V.E. Albahaca

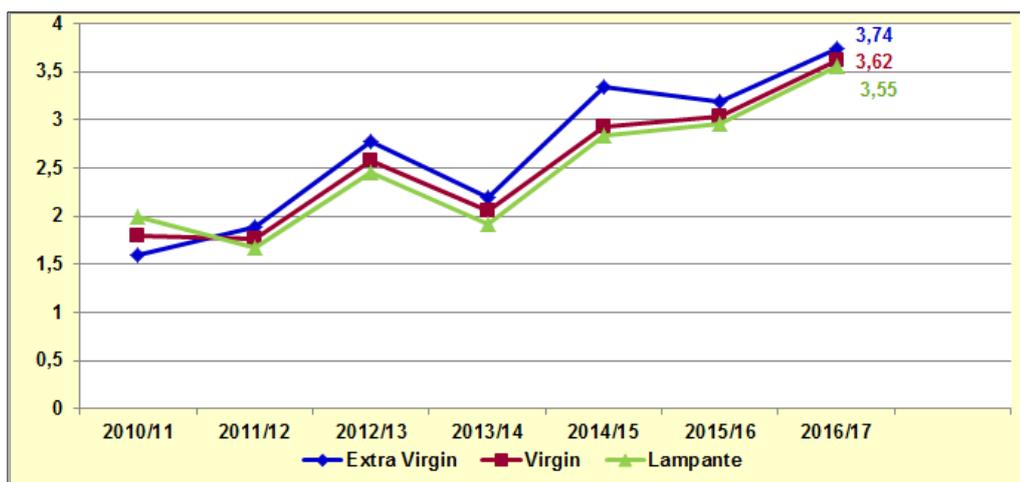
Source: Own elaboration. Data: Website Ybarra

Both La Masía and Ybarra market their products in the following formats: 250 ml, 500 ml, 750 ml and 1 litre (glass bottle) and 1 litre, 2 litres, 5 litres, 10 litres and 25 litres (PET plastic packaging). Higher quality oils are always bottled in glass, while PET plastic packaging is used for oils of a lower quality

PRICE:

A major feature of olive oil is the volatility of its price. The following graph (number 4) displays the evolution of the price of extra-virgin olive oil (green line), virgin olive oil (orange line) and *lampante* or refined olive oil (blue line) between 2010 and 2017. As illustrated here, the price of this product goes from €2.30 per kg during 2013/2014 season to €3.74 during 2016/2017.

Graph 4. Price evolution of olive oil (€)



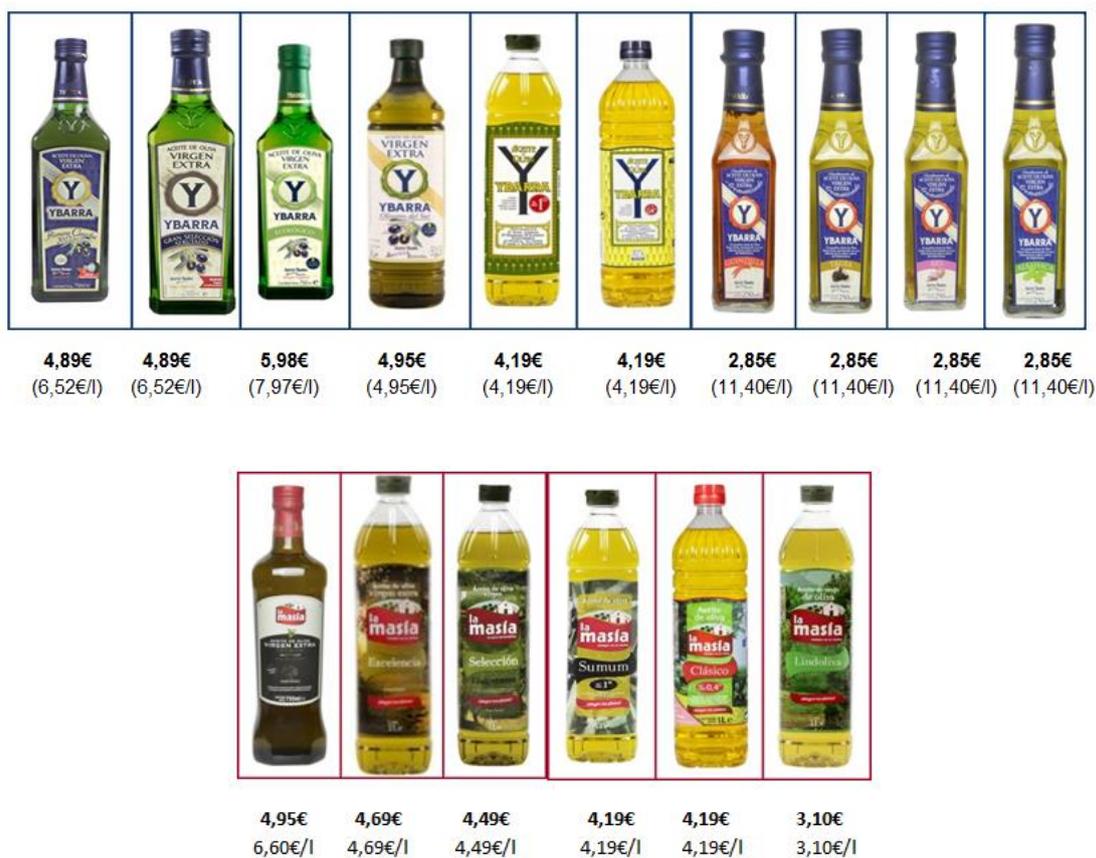
Source: Own elaboration. Data Observatorio de precios y mercados de la Consejería de Agricultura, Pesca y Desarrollo Rural, 2018

The price of olive oil depends largely on the raw material used in its production. As can be seen in the graph above, costs are extremely variable. It shows significant fluctuations throughout the year and over the years. Consequently, there is no such thing as a reference price. It depends entirely on that fluctuation. Nevertheless, the end consumer is not able to notice these changes when buying the product at supermarkets and hypermarkets. The reason for this is that companies sign contracts with superstores for a specific period of time. That means that companies take a great risk, since the product will be sold at the same price during the whole period even if

they are purchasing raw material at a higher cost. This constitutes one of the leading threats to the sector. Another important aspect is the fact that end consumers do not have reference for the price of olive oil is that superstores keep offering discounts, like second unit at half price. Besides, olive oil is not something that people need to buy every day, unlike other food products.

The prices at which the company sales its products are listed below. However, it should be noted that prices may vary depending on the establishment where they are sold:

Figure 8: Price of MIGASA products



Source: own elaboration. Data: website Grupo Ybarra,2018

DISTRIBUTION:

All the products sold by MIGASA through Grupo Ybarra Alimentación S.L. can be found throughout the whole Spanish country. Every large distributor markets them in supermarkets, hypermarkets and wholesale stores, except for Mercadona. This is because Mercadona has its own system of integrated suppliers, being the main one the

Portuguese company Sovena. Therefore, Mercadona is not listed in Chart 1. Besides physical sales, the products of Grupo Ybarra Alimentación are also available on Amazon and on Ybarra's web page.

With the aim of making commercialisation easier at both national and international level, the distribution of bottled or canned products is centralised in Getafe (number 11 in Graph 3). Thereby, the company is able to respond to demand in the most efficient way, and its international distribution gets maximised.

MIGASA's standard distribution channel through which its products reach the end consumer is as follows: MIGASA bottling/canning plant  Distributor  End consumer.

COMMUNICATION:

MIGASA makes use of the following means of promotion:

Even though it does not exploit television media, it has done several commercials and TV spots. Since 1975, Ybarra has developed around 20 different television commercials. For example, in 2016, the brand created an advert in the form of a moving Christmas message, in which they explained that it had been a tough year for them due to a fire at one of the company's facilities, but they wanted to thank their costumers for their trust anyway. Ybarra's products can be seen in *Cuéntame* television series as well.

It advertises its products in newspapers and magazines.

The company owns several websites. The site www.migasa.com is used as a central point for all the commercial activities of the group. Besides, it makes use of two different web pages for the two brands of Grupo Ybarra Alimentación S.L.: La Masía (www.lamasia.es) and Ybarra (www.ybarra.es). In doing so, MIGASA provides a differentiated approach for each of them.

In the year 2010, the company broadcasted an online miniseries named 'The flavour that brings us together'. Its aim was to transmit the brand's values to young people and achieve interaction between them. If people wanted to take part in the plot of this miniseries, they had to register on the website. Considering the number of fans it got, the outcome was very positive.

Both of its trademarks, La Masía and Ybarra, are present on social media. La Masía has an account on Facebook, Youtube, Feed, Pinterest and Instagram. Ybarra, for its

part, is present on Twitter too. The company's content strategy through these tools is deemed to be of great importance by the general public, which is reached by means of videos, simple recipes, prize draws, contests and tips for everyday life. Furthermore, an online community, in which users are free to share information and get amused, has been created. Last year, Epsilon Technologies chose Ybarra as the Spanish food brand that generates the greatest interaction on social networks. This organisation is dedicated to the analysis of the behaviour of each brand on social media with the purpose of identifying successful communication strategies. The referred analysis is undertaken using a tool called Icarus.

Nevertheless, MIGASA does not overlook traditional promotion channels, since, aside from giving people prizes for sharing photos or commenting on them, it also carries out raffles at its points of sale. For instance, in 2017, so is to say, on the 175th anniversary of the company, Ybarra joined other major brands like Taurus and Navidul in order to raffle batches of their products. In addition, during the holding of the Race of Women, which takes place in some of Spain's biggest cities, La Masía provides a stand from which they give information on olive oil health benefits, explain how to cook with each variety and give out presents.

2.1.3 Capabilities of the Company

2.1.3.1 Value Chain

MIGASA is the first company in the olive oil sector to achieve the largest vertical integration, for it supervises each step of the production process. This enables it not only to meet the most demanding quality standards, but also to ensure a better synchronisation of the different stages and a more effective cost control.

PRIMARY ACTIVITIES

The group has its own olive and sunflower farms, as well as agreements with several local growers. It makes sure to select the best olives, which are later ground in olive mills also of its property.

The refining process takes place at its three different refineries, being one of them designed to refine olive oil, another for sunflower oil and the last one for pomace oil. In the latter, more than 50% of the world's pomace oil is refined, so it is considered to be the most important refinery plant in its class.

Once the oil is fit for consumption, it is delivered to their two packaging plants: one for PET packaging (large formats) and one for canning and glass bottling.

Ultimately, the sales and marketing team has the task of negotiating the price of the oil with distributors. They also are responsible for conveying information on the group's websites and designing not only advertising campaigns, but also new bottles and its labels.

INFRASTRUCTURE

This company has a functional organisation and each employee is accountable for their tasks, which are clearly delineated.

HUMAN RESOURCE MANAGEMENT

The human resources team undertakes a very strict selection process with the purpose of hiring the best professionals. Active participation of employees in every project is regarded as important, as well as their personal fulfilment. Likewise, communication must be fluent not only between co-workers but also between workers and clients.

TECHNOLOGICAL DEVELOPMENT

The budget allocated to investment and development is higher every year. New technologies make a crucial contribution in enhancing the production process. Therefore, this is an extremely important area for MIGASA.

PROCUREMENT

The purchasing department is not very important for this company, for the raw material it makes use of already belongs to MIGASA, although it is true that it purchases bottles and labels from other companies. Anyways, this task is neither difficult nor expensive.

2.1.3.2 Distinctive Capabilities

- MIGASA offers several oil varieties, which means that it is able to seamlessly meet total demand regarding food fats.
- It is well aware of what are the characteristics of the olive oil market, due to the fact that it relies on a highly-experienced human team.
- It oversees every step of the production process, ensuring a perfect quality control, as well as substantial competitive benefits.

- The company makes use of the derived generated during its production process. This amounts to an exemplary waste management, and so the enterprise meets a reference position for companies elsewhere.

2.2 External Analysis

The success or failure of a commercial activity is determined not only by the decisions the company makes and the internal actions it implements, but also by the surrounding environment. Two different modalities must be distinguished here: macroenvironment and microenvironment.

2.2.1 Macroenvironment (PESTEL Analysis)

Macroenvironment refers to those factors that exert an indirect influence over companies. The main feature of these factors is that companies cannot influence them back in any way. It is important to consider the possibility that a specific aspect of the macroenvironment could affect some enterprises more than others within one same sector. It also could be the case that their impact was determined by the size of the company or its geographical location. All of these factors can be studied through a PESTLE Analysis and are as follows: political factors, economic factors, social factors, technological factors, legal factors and environmental factors.

2.2.1.1 Political Factors

The current Spanish political situation is unprecedented: there are four main political blocs and none of them counts on enough power to reach an absolute majority. This means that further negotiations and agreements are needed in order to adopt laws and budgets. Thus, the procedure gets obstructed and prolonged because of the conflicting views. Legislation in an environment like this can be totally different to the one in a traditional democratic environment with absolute majorities. Needless to say, every single company ends up being affected by the legal framework around them, regardless of which sector they belong to.

Another update on Spanish politics is Catalonia's bid for independence and its consequences. More than 4,000 Catalan enterprises have relocated their registered office outside this autonomous community in the last few months. In addition, a rejection of Catalonia based products by some Spanish consumers can be observed, owing to their dissatisfaction with the Catalan independence movement. All economic sectors are affected by this situation. As can be seen in Table 1, one of the major

Catalan companies in the olive oil sector is Borges. The CEO of Borges has already spoken against secessionism; however, the company is still located in Catalonia. If consumers stop trusting Borges, they will move to other brands not affected by the conflict, and that includes La Masía and Ybarra.

2.2.1.2 Economic Factors

There is a lot of economic factors that can influence the activity of companies. Nowadays, Spain is in a context of economic recovery after the 2008 financial crisis, which, despite leading to consequences on a global scale, had an especial impact in developed countries.

In this regard, the fact that since 2014 GDP in real terms is positive must be pointed out. Moreover, it grew by 3.1% during 2017, reaching the GDP level of 2007. This rate of increase has more or less continued during the first quarter of 2018 with a rise of 0.7% (INE, 2018).

The current Spanish economic development is attributable to domestic demand, for it has been positively contributing to year-on-year growth of GDP since 2014. Within this domestic demand, a particular increase in private consumption expenditure can be noted, which has been benefited from price suppression, the enhancement of families' gross income and the increase of consumers' trust. Additionally, consumption is expected to rise by 2.4% in 2018 (INE, 2018).

When it comes to the labour market, according to the Spanish Labour Force Survey (first quarter of 2018), it is recovering since 2013, year in which the country reached a historical high of 26.94% of unemployed people. In this first quarter of 2018, the unemployment rate is 16.74%, which means that, despite being significantly lower than several years ago, Spain has still not reached the pre-crisis rate.

The above-mentioned factors are clearly positive for every economic activity, including the marketing of products like olive oil. The GDP growth, the increase in consumption and the decrease in unemployment reflect a rise in widespread consumption and therefore a rise in olive oil sales as well.

It must be taken into account that the Spanish olive oil sector is one of the most internationalised sectors in the country. In 2016, its export value has grown by 79% over the year 2010, and during the last four years, 60% of production has been sold to other countries. This involves that olive oil sector is quite dependant on the global economic situation (Extenda, 2017).

As for the exchange rate, the euro has risen against the dollar and that affects exports adversely which is particularly important in the case of MIGASA (for it is present in more than 90 different countries). Otherwise, this has also positive effects, since there are certain production costs that are being reduced because of the dollar's weakness. A good example of this is petroleum, which is used to produce the PET packaging that MIGASA purchases.

2.2.1.3 Demographic Factors

Demographic variables are of great importance when it comes to the identification of consumption patterns. Spain has a population of 46,549,045 people (INE, 2017). As in the case of other developed countries, the Spanish population pyramid is turning upside down. Birth and mortality rates have been decreasing for over two decades. This means a gradual ageing of the population, which obviously can have an impact on consumption.

With a larger elderly population, long-term expenditure on health and care rises. Otherwise, demand for basic foodstuffs remains constant (UN, 2007). This has a positive influence on olive oil sector, due to the fact that a population worried about its health will consume healthier products, and olive oil is one of them.

2.2.1.4 Social Factors

Spain is the birthplace of the Mediterranean diet and olive oil is one of its central pillars. Nowadays, there is an increasing effort to work out and eat healthy. Needless to say, olive oil is always part of a good diet.

Nevertheless, olive oil consumption in Spain is decreasing, especially in households with children and young parents. This is because during the years of the financial crisis cheap prices took precedence over healthy products. The false believe that olive oil makes people fat has also been a key factor, as well as the promotion of the use of other oils, like coconut or avocado oil. The fact that the people responsible for this promotion are very influential but have no scientific support should be kept in mind. Lastly, now the population has less and less spare time. This has resulted in an increase in the consumption of prepared foodstuffs and the loss of traditional recipes which basic ingredient was olive oil.

2.2.1.5 Legal Factors:

At a European level, companies in the sector are subject to specific legislation in order to benefit from the aid of the Common Agricultural Policy. We must take into account:

- *Regulation (EEC) 136/66 of 22 September*, which establishes the common organization of the market in oils and fats and regulates the production and trade of all the Member States of the European Union.
- *Commission Implementing Regulation (EU) n° 29/2012*, of January 13, includes the regulations for the commercialization of olive oil.

The main national legislation that affects MIGASA is the following:

- *Royal Decree 1334/1999, of July 31*, which approves the General Standard for Labelling, presentation and advertising of food products.
- *Royal Decree 895/2013, of November 15*, which establishes commercialization measures in the sector. It develops the obligation to present the olive oil in its original container and its label, that is, it prohibits the filling of containers.
- *Royal Decree 1338/2011, of October 3*, establishes different measures regarding hygiene in the production and marketing of food products.

2.2.1.6 Technological Factors:

Although the development of the technology used in the olive oil sector has been neither rapid nor decisive, some of its processes and machinery have been modernized.

Nowadays, consumers seek convenience and flexibility and the greatest exponent of this is Internet. Online purchases involve every single sector, but when it comes to buying foodstuffs, people like to compare prices on the net and then buy the products on a physical store.

Thus, brands need to take advantage of social networks with the aim of increasing its visibility, creating intuitive interfaces, and launching specific campaigns for each consumer group, as well as with the intention of offering transparency regarding not only the product range but also the operation of the company.

Furthermore, the use of new technologies has a great potential to reach external markets, makes the information exchange easier and reduces time and costs. It also allows the company to boost its popularity. All of these aspects are vital in the trade expansion context of the olive oil sector.

2.2.2 Microenvironment Analysis (Porter)

Analysing the features of the microenvironment can help to understand which factors of it will influence a certain company and it is the key to the development of an adequate business strategy.

Commonly, the microenvironment is analysed by means of Porter's Five Forces Framework. According to it, a company in the olive oil sector could be influenced by the following forces:

2.2.2.1 Bargaining power of customers

Considering the olive oil sector as a whole, it is easy to see that clients are the end consumers, since all goods are ultimately purchased by them. However, the actual clients of the companies in this sector are distributors, that is to say, supermarkets and hypermarkets (Carrefour, Mercadona and Eroski, for example). The great importance these distributors have lies in their wide range, the size of their purchases and the existing competition between companies.

Distributors are interested in products with a low and stable price and that poses a problem for olive oil companies. The reason for this is that olive oil prices are highly variable, as already shown in Graph 4. If a company signs a long-term contract which compels it to maintain its selling price, its purchasing department will have to work hard in order to make that price possible. Therefore, in the event that a company agrees on a price that ends up being lower than the price of the raw material needed for the production process, the company could have several problems at different stages of the distribution chain. In the worst-case stage, distributors could end up pressuring companies for further reduction in the agreed prices in order to be in the line with the rest of the market.

Another relevant point is that distributors do not deem olive oil as an income-producing good, but as an appealing product useful for attracting customers. Therefore, the way they profit from olive oil purchases is actually through the sales of other products that costumers will buy once they have been attracted to the store (Mercacei, 2014). The conclusion to be drawn of this is that distributors have great power over the olive oil sector, and that they constraint pricing and control payment deadlines strictly. The average payment time of hypermarkets is between 75 and 90 days, which allows them to raise funds with the aim of enhancing their income statement and also their position in the market. However, this is negative for the whole of the olive oil sector, for it has an

adverse impact on every stage of the value chain, from cultivation to packaging. There is also a threat that distributors invest in reverse integration. A good example of this is Eroski, which assumed the role of olive oil bottler through its subsidiary company Oilian Eroski Cooperative.

2.2.2.2 Rivalry between competitors

The olive oil sector has a high degree of automation. Only in Spain, there are 1,822 olive mills, 73 extraction plants and 1,836 packaging plants that work also as refineries (AICA, 2018). Consequently, there is a great number of competitors and a high level of internal rivalry. Gaining a significant market share is usually difficult but that does not mean that it is impossible, just as MIGASA has already demonstrated.

2.2.2.3 Threat of new entrants

The above-mentioned level of internal rivalry, together with the fact that profit margins are usually not high, has the consequence that the thread of new companies is relatively low, for it does not give the impression of being an attractive sector. Additionally, it is very traditional, posing a barrier for new entrants, and a first major investment in facilities, machinery and technology is required. Other aspects to be borne in mind are national technical and sanitary standards and government aids allocated to current companies.

Big companies in the olive oil sector benefit from economies of scale, because of the great amount of goods they produce. Their brands have a good reputation on the market and their customers are loyal to them. That makes new entrances even more difficult. Then, although a company manages to get in, there is little likelihood that it reaches the large distributors.

2.2.2.4 Bargaining power of suppliers

The bargaining power of suppliers, which are olive farmers, is relatively low. Purchase prices are always determined by the market, and the financial position of farmers is usually weak, since they cannot delay sales even if they want to. This is because the quality of olive oil decreases over time. It loses its properties and hence its value. Then, storing it with the expectation that there will be a better time to sell it is generally not an option. Their greater power is, thus, their possibility to choose to which mill they want to sell their olives. It is true that there is a fair amount of olive mills, but their purchase prices are almost the same.

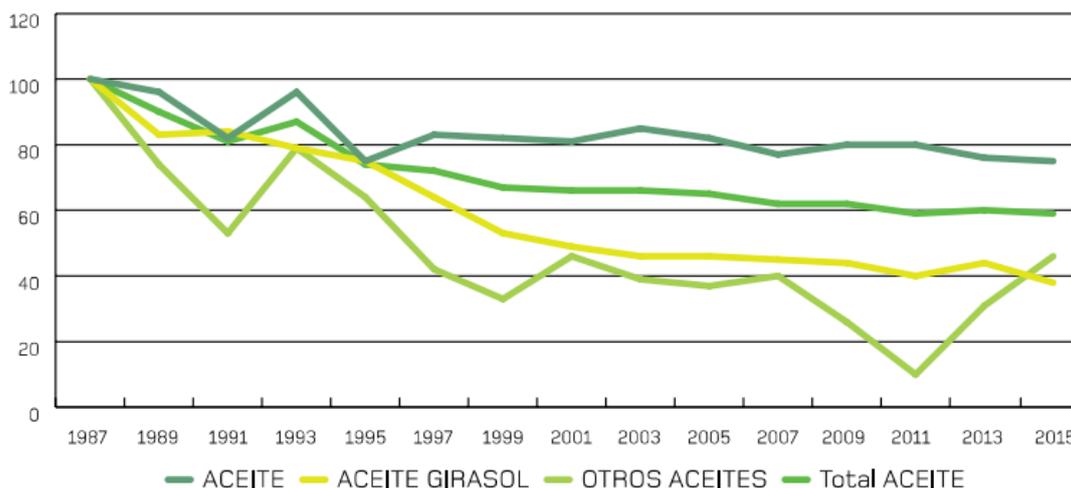
Regarding bottling plants, in other words, the last link in the value chain, a great number of not too powerful companies can be found. However, the sector’s economic activity is concentrated in just a few large bottling plants, usually associated with olive mills. Thereby, these plants are not better placed than olive farmers.

2.2.2.5 Threat of substitute products

Even though olive oil has no direct substitutes, it is easy for costumers to stop buying it in order to buy sauces or other oils, such as sunflower oil, seed oil and soybean oil. Since these products have about the same price as olive oil, companies feel compelled to convince people that their oil is the best option. In this way, competitive pressures increase even more.

Otherwise, the fact that this product is sold for over €3 per kg (as displayed in Graph 5) can lead to contractions of its consumption. However, as shown in the following graph, consumption of olive oil has remained steadier that consumption of other oils. Anyway, it should also be noted that the overall trend of oil consumption in general is going downwards.

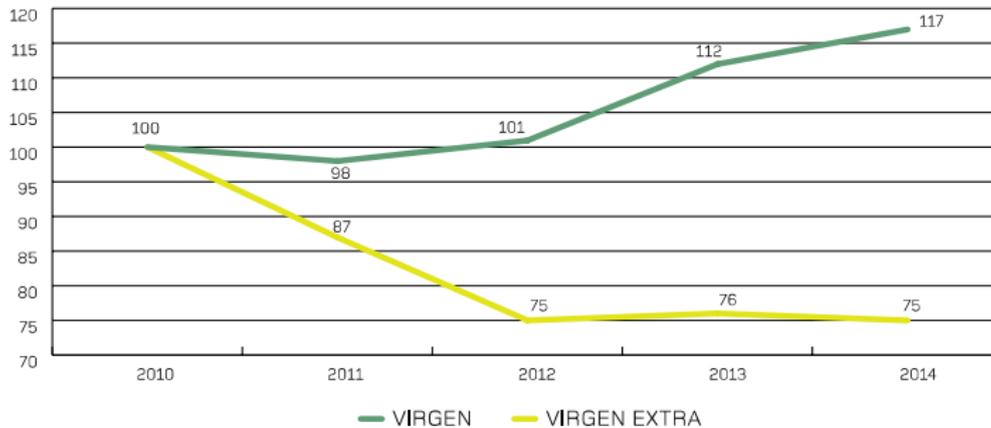
Graph 5. Evolution of oil consumption



Source: Martin (2015)

Certainly, as in the case of any other mass consumption product, a period of economic slowdown leads to a fall in demand, for consumers prefer cheap prices over good quality. As displayed in this graph, this also happened with olive oil in Spain after the 2008 financial crisis.

Graph 6. Evolution of olive oil consumption



Source: Martin (2015)

Accordingly, the threat of substitutes is quite high when it comes to other oil types of poorer quality. Given the existent price volatility, this substitution effect is certainly a common phenomenon.

Porter's Five Forces Analysis suggests that the olive oil sector is not very attractive for possible new competitors, due to the great internal rivalry. It also shows that powerful clients, that is to say, distributors, exert heavy pressure on prices, and that there are a great number of possible substitutes for olive oil.

2.2.3 Analysis of the competition

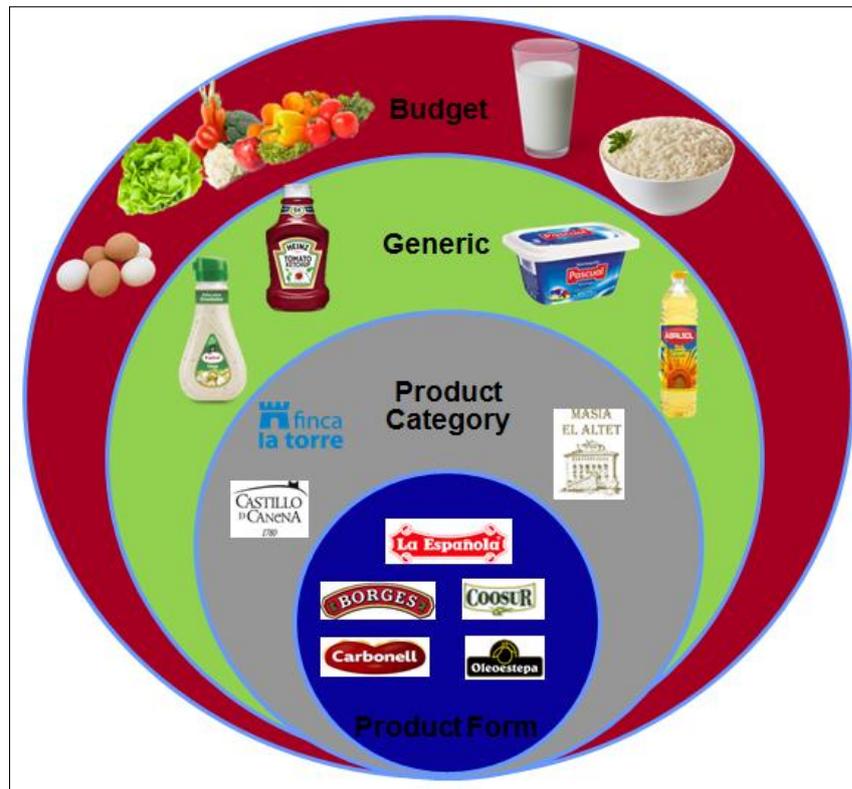
2.2.3.1 Levels of competition

The competitors of MIGASA are all the companies that operate in the fats and oils sector, but there are different levels of competence according to the consumer's point of view:

- **Competition in product form:** this is where we find direct competition, since they are companies that offer olive oil, with very similar attributes and the same market. Some examples are Carbonell, Borges or La Española.
- **Competition in product category:** companies that sell the same product but vary the attributes, for example gourmet or organic olive oils. Castillo de Canena, Finca la Torre and Masía el Altet are some of the examples.

- **Generic Competition:** in this group we find companies that offer different products but that cover the same need, this is the case of the rest of oils, butters or sauces.
- **Budget:** in this level we consider any product that competes for the same budget of the consumers of Ybarra or La Masía, vegetables, milk, rice or eggs for example.

Figure 9. Levels of competition



Source: Own elaboration

2.2.3.2 Main Competitors

Distributor's 'own brands' are deemed to be some of the major competitors of MIGASA. They account for 68% of sales by volume (Extenda, 2017). These brands offer oil at a lower price than regular companies, so they attract consumers that are not loyal to any particular brand. Some of the companies that market their products by means of distributor's 'own brands' are Aceites Maeva, which works with Día, Aldi and El Corte Inglés, and Sovena, which works with Mercadona. It should be taken into account that the latter has even a greater importance because of the negative impact it can have on other brands, since Mercadona reached a market share of 23% in 2016 (Statista, 2018).

MIGASA's direct competitors are the following:

Deoleo: it is considered to be the world leader in olive oil bottling. It has the most diverse brand portfolio of the sector, which means a vital competitive advantage, and it is closely linked to the idea of quality. Thereby, the company has been awarded with several prizes at some of the most prestigious extra virgin olive oil contests, like Los Angeles International Extra Virgin Olive Oil Competition and Athena International Olive Oil Competition.

Although it once had dominant positions in the countries where it is present, its market share has been decreasing since the year 2015. This is a consequence of mismanagement, surplus production capacity and a tough financial situation. MIGASA is the company that has taken more advantage of that situation, for it has taken over part of Deoleo's market volume. Main brands of Deoleo are as follows:

- **Koipe:** it is closely related to traditional Basque cuisine and to the Basque Country. Its oil is extracted from the best olives, and that is why it is a high-quality brand. It markets its products mainly through Carrefour and its own web page.



- **Carbonell:** it is a reference of Spanish cuisine and it is considered to have a traditional flavour. By means of its logo, which is the image of a gypsy, the brand represents the Spanish culture. Its three varieties of olive oil can be found on its website: standard, virgin and extra virgin. However, it is just a list; there are no further explanations of the properties of each variety. In this way the brand is promoting indirectly consumption of standard olive oil. It must be added, that it owns a very complete and structured easy to use website, which can be very appealing to end consumers. Carbonell makes use of several packaging formats, going from conventional PET packaging to spray bottles, which are intended to help people save money. Its products can be purchased on both its web page and Amazon, and in Alcampo, Carrefour and Día.



Aceites del Sur, better known as **Acesur**, markets its products through remarkable brands as Coosur and La Española. Its main feature is its permanent commitment to the environment. It even promotes the use of

renewable energy through a brand from another business line named Enersur. It owns a high-quality product portfolio, for the company oversees every stage of the olive oil production process.

- **Coosur**, it is a nationally and internationally well established brand. It offers different types of olive oil, which are listed on its web page in a clear way together with an objective explanation of their properties. Its product portfolio is divided by the type of olive form which each of the products has been extracted. This means that it offers monovarietal oil. Aside from conventional packaging, Coosur provides a bottle which is non-dripping, manageable and easy to use. Its main distributors are Carrefour, Día and Amazon.



La Española, it shows great respect for Spain and Spanish culture. It is one of the most remarkable olive oil companies, and that is why it uses its position to promote Spanish products worldwide. This is viewed positively by customers. The OCU qualified its extra virgin olive oil as one of the best oils on the market due to its quality-price relation. La Española offers the three traditional varieties of olive oil, but it obviously invests on scented oils, like chilli pepper oil, rosemary oil and truffle oil. It also owns a line of health-oriented products called Nutraceutes Soy Plus. In addition, it packages its products in a wide range of containers, going from conventional PET packaging to glass bottles, cans and even spray and non-dripping bottles. Its distributors are Carrefour, Día and Alcampo. Lastly, it should be noted that La Española does promotions very similar to those done by Ybarra.



Borges, markets only two olive oil varieties, which are extra virgin oil and refined oil. It also offers a wide range of scented oils, and its organic olive oil is one of the best in its category. Customers have a high opinion of this brand. Its webpage has been carefully designed and it is easy to find information on it. However, if people try to purchase something, they get redirected to Ulabox, an online supermarket in which customers must register in order to buy. Certainly, that hinders the purchasing process.

Borges classifies its products not by its properties but by its uses. It recommends using extra virgin olive oil for seasonings and standard olive oil for cooking. Thereby, there is a higher demand on the latter, since the amount required for cooking is bigger than the one required for seasoning.



Oleostepa, is a cooperative consisting of 17 different associated companies. It only markets extra virgin olive oil and it does not have so many resources as the above-mentioned companies. However, it is important for this analysis because its olive oil is sold at a very competitive price, despite being of a great quality. In fact, the OCU considers it to be the best extra virgin olive oil on the market.

Oleostepa achieves the remarkable quality of its oil by means of selecting the best olives from its own olive farms. What truly makes this cooperative different is the fact that it has been awarded with D.O. Estepa, the world's most demanding designation of origin. This is obviously a great competitive edge. Regarding its distributors, Oleostepa's oil can be purchased at Carrefour and on its own online shop, which is transparent and well-structured.



Ultimately, it must be pointed out the fact that it is extremely difficult to compare the prices of the above-mentioned brands. The main reason for this is that each distributor offers certain brands and each brand offers certain oil varieties. Moreover, one same product can be found at different prices depending on the distributor. This is because contracts between companies and distributors are done on the basis of how powerful each part is, and of what kind of offers the stores want to make for end consumers.

Table 5. Leading marketers of olive oil packaged in Spain

Company	Thousands of liters
Sovena España, S.A.	101.116
Grupo Ybarra-Migasa	73.575
Deoleo, S.A. - Grupo	47.957
Aceites del Sur-Coosur, S.A. (Acesur)	45.400
Urzante, S.L.	45.000
Aceites Maeva, S.L.	30.100
F. Faiges, S.L.	21.487
Aceites Abril, S.L.	14.505
Aceites Toledo, S.A.	11.050
Grupo Borges	9.073

Source: Mercasa (2016)

2.2.4 Market Analysis

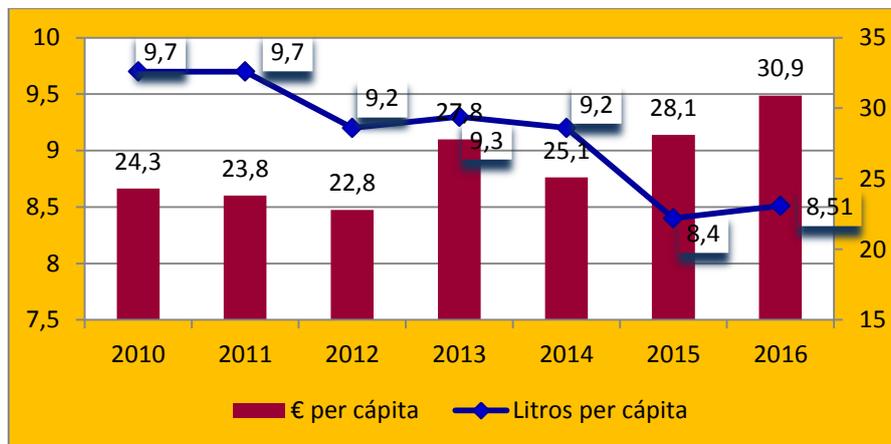
2.2.4.1 Consumer Analysis

The olive oil sector has been traditionally associated with the diet of the population. In Mediterranean countries, like Spain, Italy and Greece, olive oil consumption has always co-existed with the consumption of other cheaper oils. In these countries, it is now more and more common to eat out and that also influences olive oil consumption, since restaurants usually purchase cheaper oils in order to reduce costs.

By focusing on the Spanish oil market, it can be noted that its higher consumption values are from the 1980s. Since then, the overall oil consumption has been steadily decreasing. In Graph 5 this obviously downward trend can be observed. Even though olive oil consumption was the less affected by this, it could not help but going down too from 2011 on, that is to say, since the 2008 crisis. Unsurprisingly, in this same period, demand on cheaper oils increased.

In Spain, the per capita consumption of olive oil has been reduced by 1.2 L that is more than 12%. These figures are displayed in Graph 7. One of the main reasons for this historically low level of consumption is the permanent price rise which, ironically, has led to one of the higher euro values of the last few years (€30.9 per person) (Statista, 2018).

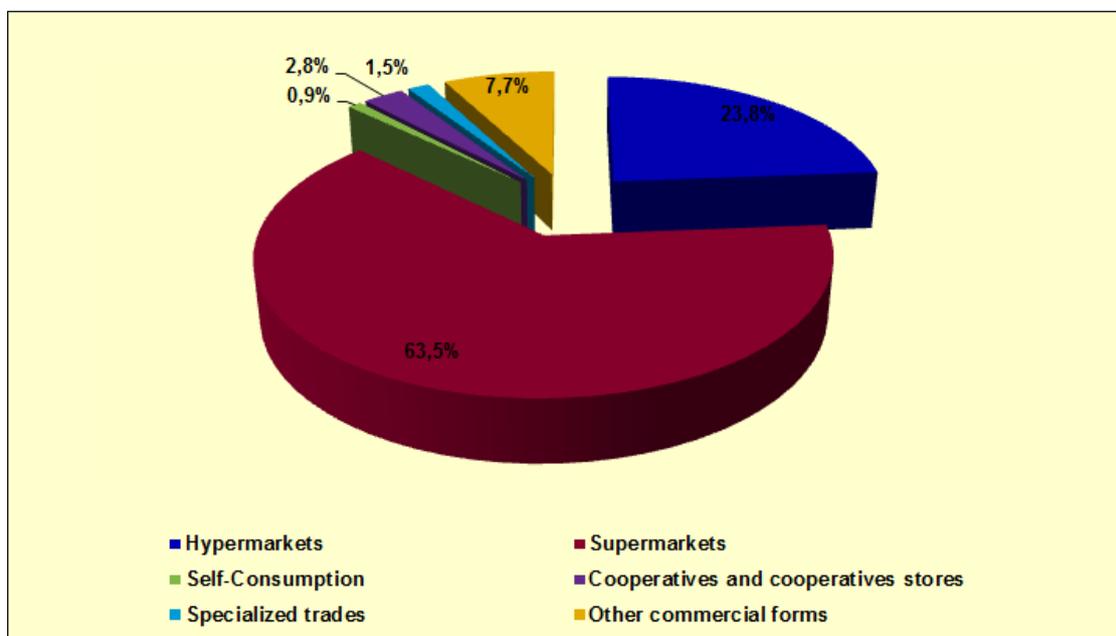
Graph 7. Olive oil consumption evolution (liters and € per capita)



Source: Own elaboration. Data Martin (2015) and Statista (2018)

Regarding where people buy olive oil, consumers mostly rely on supermarkets (63.5%) and hypermarkets (23.6%), as displayed in Graph 8. Other distribution channels are in the minority.

Graph 8. Place of purchase of olive oil (%)



Source: Own elaboration. Data: Mercasa, 2017

Additionally, there are differences in olive oil consumption depending on the type of household. Each household has its own features and they will be analysed below (MERCASA, 2017).

In 2016, the average annual consumption of olive oil in Spain reached 8.5 L per person, which is €30.9 per capita expenditure. Of these 8.5 L, 5 L were of refined olive oil and 3.5 L were of virgin olive oil.

As households' economic circumstances improve, olive oil consumption increases. Hence, upper-middle-class and upper-class households constitute most of the demand of this product.

If an unemployed customer goes to the store, their consumption will be higher than the one of a person that has a job. This is because the unemployed person does not have work duties, and hence has more time to cook. Someone with a job will probably choose to buy prepared foodstuffs rather than olive oil for cooking.

Otherwise, households with children constitute the lowest demand on olive oil. They are below the average. The reason for this is probably not that the family as a whole consumes less oil, but that the per capita consumption decreases because children consume less. Households with one person have a higher consumption than the average, and then, as the family grows, its demand becomes lower.

If the customer is under 35 years old, their consumption will be lower than the average. However, if they are above 65 years old, it will be way higher than it. Hence, olive oil consumption increases in parallel with age. This shows that there has been a significant change in consumption patterns over the years, being the main cause the increasing consumption of fast food.

From this analysis it can be concluded that the features of households can influence consumption. People over 65 years old, retired people, independent adults and adult couples without children consume the most. Otherwise, the lowest consumption comes from married couples with children and young people with or without a partner.

3 SWOT ANALYSIS

WEAKNESSES:

- Product marketing under different trademarks: the development of specific marketing actions for each of the brands is needed. That leads to a higher expenditure.

- High overhead costs: MIGASA has a great number of facilities that operate throughout the whole year, regardless of how much it produces over a given campaign.
- Problems with the management of its product portfolio: due to the offer of so many different varieties and formats. Allocating budgets for each of them is also challenging.
- Risks regarding the generational shift in the company: it could be possible that the heirs to the family business were not qualified or competent enough to occupy important positions within MIGASA and in spite of this they have important responsibilities.

THREATS:

- The volatility of the price of raw material that poses a threat to sales. When the company agrees a specific selling price with a distributor, the price of the raw material required to produce it can still go up. If that happens, it will lead to company losses, and also consumption will get directed towards cheaper oils that are not extracted from olives. Additionally, the raw material depends entirely on weather conditions.
- It is a traditional sector, particularly in the view of costumers. This hinders innovation, since some interesting initiatives have been rejected by customers right away. For instance, Aceites Maeva has presented a new spray bottle that enables users to adjust the amount of oil that comes out. However, because of its slightly higher price, it has not been a great success.
- Steady increase in the market share of distribution brands. The emergence of 'own brands' has caused that olive oil is not a luxury product anymore, but a mass consumption product. Therefore, it has been devaluated and currently it is more difficult for companies to carry out marketing actions designed to achieve differentiation.
- Companies have little bargaining power regarding distribution channels. Distributors use olive oil as an appealing product and that is why keeping the prices as low as possible is extremely important to them. Distributors even market oil under their 'own brands', so they do not really support the promotion of the other existing olive oil brands.
- It is a largely automated sector, meaning that there is a lot of competence, and companies face difficulties in differentiating themselves from others.

STRENGTHS:

- Financial strength. As already listed in Table 2, MIGASA enjoys a good financial health. Its level of indebtedness is under control, what allows the company to attract clients and get their loyalty, because, despite offering the same prices as other companies, it offers longer-term payments. MIGASA also has the necessary resources in order to wait for a good moment to sell its goods, and it is able to resell big consignments of products in such a way that it optimises costs. Likewise, MIGASA can store enough supplies to fulfil its major contracts with distributors. That way, the already mentioned threat related to the volatility of prices gets diminished.
- It supervises the whole value chain. That allows MIGASA to benefit from the added value of each of the production stages. In this way, it offers better selling prices than other companies.
- Diversified commercial activity. The company works with different oils, so it can deal with the threat of decreasing consumption caused by the variable price of olive oil. Thereby, the activity of the company does not get interrupted, since the reduction in olive oil consumption is offset by an increase in the consumption of other oils.
- Professionalization regarding finances, trading, human resources, technology and production. This is an advantage over the rest of the sector, which is extremely traditional, does not have a good knowledge of market mechanisms and is not willing to take risks. Another positive aspect is the long experience of its executive team in the sector.
- It owns two reputable brands that have been established in the national and the international market for decades. Moreover, marketing products under two different trademarks is positive because costumers do not think that they are linked. Then, if there is a problem with one particular product, the rest of them remain unaffected.
- It offers competitive prices in comparison with enterprises that have a similar size and product portfolio.

OPPORTUNITIES:

- Steady increase of worldwide consumption. Even though the Spanish consumption levels are static, as well as those of the other Mediterranean

countries, global consumption is growing. A good example of this is the emergence of new markets.

- Key ingredient in the Mediterranean diet. It is beneficial to health and of better quality than other oils.
- There is an increasing concern about health, which means that people are trying to eat healthier. One of the most popular diets in the world is the Mediterranean diet, which is on the UNESCO list of the intangible cultural heritage of humanity.

4 MARKET SEGMENTATION

4.1 Segmentation

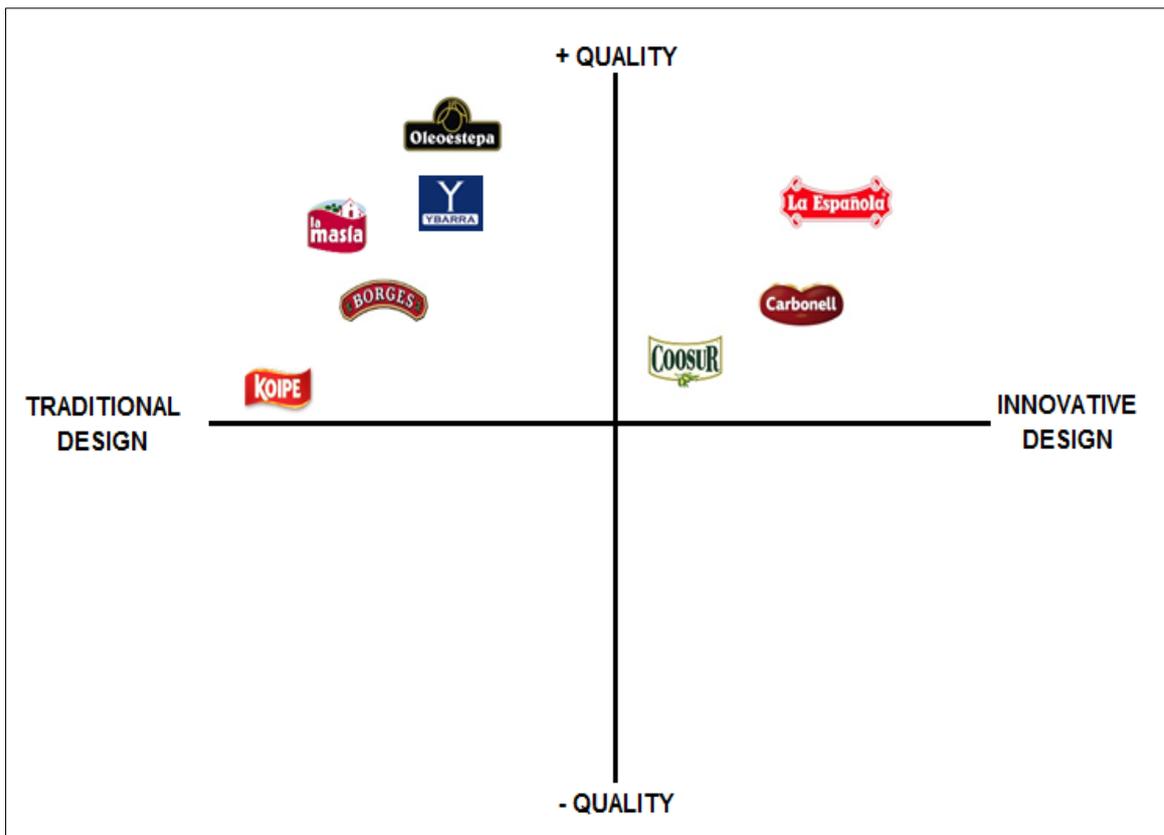
The target public of MIGASA is middle-class households, since its selling prices are neither the lowest ('own brands') nor the highest (gourmet brands).

- ✓ **Young people aged between 18 and 35 years old:** university students, young workers and unemployed young people on a budget. This group is characterised by its irregular food supply and its preference for prepared foodstuffs. The most important factor to them when purchasing is price, and they view positively innovative packaging designs. They are permanently on the Internet and they are easily influenced. Thus, it is important for the company to actively use social networks and to have its own web page.
- ✓ **Adults aged between 35 and 55 years old.** They pay more attention to the quality of products, and they spend more time cooking than the above-mentioned group. Therefore, their demand on olive oil is usually higher. They begin to worry about their appearance and health, as about the health of their children. Therefore, they place a greater value on the properties of products. They try to buy natural goods which are beneficial for their organism. TV commercials and promotion in physical stores have a better effect on them.
- ✓ **Adults over 55 years of age.** Their budget for foodstuffs is higher, since they do not have so many family expenses anymore, like the education of their children. Hence, they care about flavour and quality over price and format. These adults are loyal to the big traditional brands and will always buy them if they have the possibility to choose. Companies can draw their attention by means of designations of origin and quality awards.

4.2 Positioning

According to the previous study of the main competitors, we will place the six companies analysed and MIGASA in a positioning map to know the position of the company and its competitors in terms of the two criteria that define the market product of Ybarra and La Masía: quality and packaging design.

Figure 10. Positioning map



Source: Own elaboration

5 MARKETING OBJECTIVES

Objectives regarding trade relations

1. To attract 10% of new customers within 12 months.
2. Increase the company's interaction with customers on social media, mainly through Facebook and Instagram.
3. To achieve 95% of customer satisfaction for next year. The aim is to get their loyalty, and that will be studied through the number of repeat purchases.

Trade objectives

4. Increase sales of both of its brands by 7% within one year.

Objectives regarding commercial profitability

5. Increase profits of MIGASA by 7% over the next year.

6 MARKETING STRATEGIES

6.1 Growth and Diversification Strategies

After a thorough analysis of Ansoff Matrix it has been concluded that MIGASA should adopt a strategy of market penetration, since its objectives are to boost sales of its current products, to get the loyalty of adults and to foster olive oil consumption among young people. This strategy should be accompanied by another of product development. This means, product packaging should be renewed, since currently the company is not filling an identified need.

6.2 Competitive Strategies

As it has already been said, MIGASA is one of the top companies in the olive oil sector, and it is considered to be a reference for other enterprises. It is a genuine leader, due to its years of experience, its good knowledge of consumer behaviour and its ability to anticipate and respond the needs of its customers. Every time that olive oil consumption has increased, MIGASA has benefited the most from it, thanks to how remarkable its brands are.

6.3 Strategy as Competitive Advantage

The company carries out a cost minimisation strategy that allows it to gain competitive advantages. Owing to its big facilities and modern technologies, MIGASA is able to produce large quantities of its goods. In this way, even though unit profit rates are lower, it obtains a better volume performance. Another way in which MIGASA minimises costs is by selling its products in big consignments.

Otherwise, despite the fact that it offers a mass consumption product determined by price, the company provides good quality and a broad portfolio. What differentiates it from other brands is the trust it has built within the years and its closeness to consumers, both thanks to its significant communication skills. Its brands, Ybarra and La Masía, are well-known, and, despite not being considered gourmet brands, they are held in high regard by customers.

7 ACTION PROGRAMS

7.1 Product Decisions

Action 1: Development of a new spray bottle format

At the moment, La Española and Carbonell offer olive oil in spray bottles that allow customers to adjust the amount of oil they want to use. This is an interesting format because the oil comes out in a uniform way and people can track their calorie intake. This new idea has been well-received by consumers, but its price is way higher than the price of oil in regular bottles. Therefore, there is not a great demand on it.

Bearing this in mind, MIGASA should develop its own spray bottle under its brand Ybarra. It will be different of Carbonell and La Española format in terms of size or material. The spray bottles that are currently on the market are 200 ml containers made of metal. Therefore, the idea is to minimise costs creating a plastic 500 ml bottle. Bottling 1 L of oil into 500 ml bottles is cheaper than doing it into 200 ml bottles. It takes less time, fewer containers are needed, and the expenditure on raw material, energy and production is optimised. In this way, MIGASA will be able to offer a spray bottle at a competitive price which will attract a great number of consumers.

This new product will be very appealing to young people, for they have fewer resources, they do not spend a lot of time cooking, and they are concerned about their physical care. The spray bottle will prove to be very useful when grilling or making salads (two typical meals of this segment of consumers).

Figure 11. New spray packaging



Source: Own elaboration

Objective to which it contributes:

- ✓ To attract 10% of new customers within 12 months **(1)**.
- ✓ To achieve 95% of customer satisfaction for next year **(3)**.
- ✓ Increase sales of both of its brands by 7% within one year **(4)**.
- ✓ Increase profits of MIGASA by 7% over the next year **(5)**.

Implementation period: Long term

Action 2: Development of a new product for Mercadona

As it has already been mentioned, Mercadona is the Spanish top supermarket evidence of this is its market share. Thereby, it is vital for the viability of MIGASA to sell its products in it. Until the first quarter of 2018, Sovena was the main integrated supplier of Mercadona. Nevertheless, the supermarket chain has now decided to change its strategy by opening up competition between suppliers (*El Confidencial*, 2018).

What is being proposed is that MIGASA makes a differentiating bid to Mercadona. The idea is bottling extra virgin olive oil into 1 L PET packaging under its trademark La

Masía. This will be a solidarity- used for its limited edition of 2015, and Mercadona will be the only supermarket selling this product.

MIGASA will succeed because it is in a position to offer a good price to Mercadona, it owns efficient installations, and it minimises costs by producing at high volumes. In addition, thanks to its financial strength, it is able to assume higher credit risks and to offer a longer payment period than other companies. Lastly, Mercadona is a brand that represents certain values and has social responsibility. Therefore, it will be interested in contributing to this cause, since it will improve its image. What is expected to happen is that Mercadona generates income with this contract and that MIGASA signs more contracts with this supermarket chain in the future.

With this agreement, MIGASA will not only increase its production, but also absorb the fixed costs. This situation will definitely be appealing for Mercadona, since the loss of income caused by donations will be offset by this.

based oil, since €0.05 of each sale will be allocated to the Spanish Association Against Cancer. The company will print again those labels

Figure 12. New product for Mercadona



Source: Own elaboration

Objective to which it contributes:

- ✓ To attract 10% of new customers within 12 months **(1)**.
- ✓ Increase sales of both of its brands by 7% within one year **(4)**.
- ✓ Increase profits of MIGASA by 7% over the next year **(5)**.

Implementation period: 8 months

7.2 Price Decisions

Action 3: Levelling the retail prices of its products

In this sector, the price of products varies depending on the store where consumers buy it. This is because the terms of the contracts that companies sign with distributors depend on many different factors. For example, there are usually bulk discounts, for it is a way of ensuring the number of products that distributors will sell. However, changes in prices confuse consumers and tarnish the image of the company.

Consequently, MIGASA should remove price differentials, for they hamper both the positioning of its product portfolio and the getting of customer's loyalty. Thus, the company should set maximum and minimum price limits that will be common to all distributors. This should be done with both Ybarra and La Masía.

Objective to which it contributes:

- ✓ To achieve 95% of customer satisfaction for next year **(3)**.
- ✓

Implementation period: Long term

Action 4: Setting the price of new products on the basis of costs and competitors

The selling price of both the spray bottle and the new product for Mercadona will be set considering their cost per unit. In addition, the price of those products offered by competitors will be analysed in order to be in the line with them.

In the particular case of the spray bottle, the price should be as adjusted as possible, since, especially at the beginning, it is important to encourage its purchase and to establish the new format. After six months the price may be increased.

Objective to which it contributes:

- ✓ Increase sales of both of its brands by 7% within one year **(4)**.
- ✓ Increase profits of MIGASA by 7% over the next year **(5)**.

Implementation period: 12 months

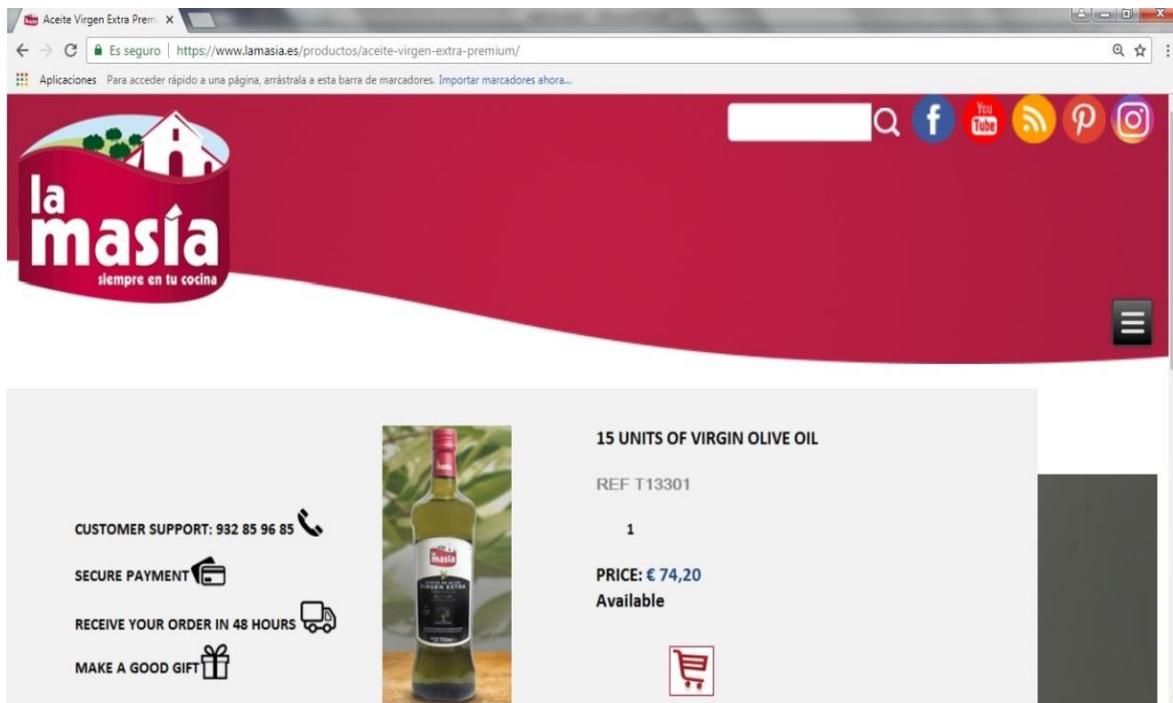
7.3 Distribution Decisions

Action 5: Online marketing of oil under the brand La Masía

Given that Ybarra sells its products on its website, it would be a good idea that La Masía did the same. Customers could make purchases from anywhere and at any time. Payments would be card-based and there would be a minimum order. The web development would be carried out by MIGASA's I.T. department, so it would not impose extra costs. And, at least at the start, the people in charge of preparing the orders would be the same people who already prepare the orders from Ybarra's web page.

In doing so, MIGASA's sales volume by means of this channel is expected to grow significantly. The enterprise would need to negotiate prices and payment terms with the transport company that currently works for Ybarra. All orders would be managed in MIGASA's distribution plant (Getafe), and after six months of online marketing both brands would be able to forecast demand, and therefore to accelerate the delivery process.

Figure 13. New online coca cola ordering system



Source: Own elaboration

Objective to which it contributes:

- ✓ To attract 10% of new customers within 12 months **(1)**.
- ✓ Increase sales of both of its brands by 7% within one year **(4)**.
- ✓ Increase profits of MIGASA by 7% over the next year **(5)**.

Implementation period: Long term

7.4 Communication Decisions

Action 6: Advertising Ybarra's oil in *MasterChef Celebrity*

The products of Ybarra should be advertised in *MasterChef Celebrity* television contest, since it is extremely popular in Spain. *MasterChef Celebrity* is broadcast during a Tuesday prime-time slot. Last year it had an average of 2.8 million viewers, and its audience share was 23.5%.

Linking this combination of chefs and famous contestants to a quality brand as Ybarra would be a great market stimulus. Therefore, demand on its products could increase substantially.

This advertising campaign would not be too expensive, since the television channel that airs the contest (RTVE) is not private but public. This means that the channel is not allowed to air commercials, so it does not get a lot of money from companies. What a public channel can do is to include a few commercials that are linked to the culture of the country. Hence, there is little companies that are allowed to be part of these commercials, but Ybarra is one of them. The company would thus benefit from this, since Ybarra's commercial would not get lost among the commercials of other brands (as it would happen on a private TV channel). By means of a public TV channel, Ybarra could get all the attention. The plan is that the brand provides the contestants with olive oil glass bottles, so they can cook with its product. Additionally, the chefs would also promote the brand along all the 11 programmes of the upcoming edition.

Figure 14. Ybarra tv promotion



Source: Own elaboration

Objective to which it contributes:

- ✓ To attract 10% of new customers within 12 months **(1)**.
- ✓ Increase sales of both of its brands by 7% within one year **(4)**.
- ✓ Increase profits of MIGASA by 7% over the next year **(5)**.

Implementation period: 11 weeks

Action 7: Giving out presents in order to attract consumers and get their loyalty

The proposal is that customers get a coupon every time they buy a 1 L. bottle of Ybarra's oil. When they gather at least five coupons, they will get a gift from the supermarket.

The lifestyle of society has changed radically in recent years. Thereby, the traditional gifts will not work now for young people. They spend less time cooking than adults, so some good choices for them would be plastic lids for microwaving, lettuce dryers and hand squeezers. Also, this segment is more likely to eat out and that is why lunchboxes and small easy-to-carry freezer bags would be a good idea as well.

Figure 15. Gifts (Ybarra promotion)



Source: Own elaboration

Objective to which it contributes:

- ✓ To attract 10% of new customers within 12 months **(1)**.
- ✓ To achieve 95% of customer satisfaction for next year **(3)**.
- ✓ Increase sales of both of its brands by 7% within one year **(4)**.
- ✓ Increase profits of MIGASA by 7% over the next year **(5)**.

Implementation period: 4 months

Action 8: Advertising campaign for the new spray bottle on social media

The new format will be advertised on Facebook in the following way. Every Monday a video recipe will be uploaded. The recipes will include the use of olive oil and will be for seasonal dishes. Hence, during summer they will consist in different kinds of salads, for instance. The video will include recommendations about how to track the calorie intake by means of the spray bottle. It will also contain explanations on health benefits regarding the ingredients. People will be able to suggest recipes for the following week, and also to ask questions that will be answered by both the brand and other users.

Otherwise, a photo contest will be held on Instagram every two weeks. To enter the contest users will have to upload a picture of a dish cooked by them next to the spray bottle. The two most liked photos will win a weekend trip for two to Seville. During this trip the winners will visit the company's olive farms, they will witness the olive oil production process and they will taste some of its best products. Pictures of the visit will be taken and later uploaded to La Masía web page and to its social media accounts.

Figure 16. Trip advert (Ybarra promotion)



Source: Own elaboration

Objective to which it contributes:

- ✓ To attract 10% of new customers within 12 months **(1)**.
- ✓ Increase the company's interaction with customers on social media, mainly through Facebook and Instagram **(2)**.
- ✓ Increase sales of both of its brands by 7% within one year **(4)**.
- ✓ Increase profits of MIGASA by 7% over the next year **(5)**.

Implementation period: 4 months

Action 9: Promotion of the new product for Mercadona

The promotion campaign will consist in designing a card for new product distributed in Mercadona. This card will be placed together with the bottles themselves and they will not be given out. The customers will take them.

On the one hand, the card will contain information about the fact that by buying one of those bottles consumers will support the Spanish Association Against Cancer and its goal. On the other hand, the card will display the product's nutritional facts, and will explain how important it is to include unsaturated fats in diets. This explanation will be backed by the opinion of experts and the recommendations of official bodies, since olive oil is a heart-healthy product acknowledged by the European Commission Regulation (EU) N° 432/2012.

The main goal of this is to raise awareness about the importance of having a good diet based on healthy products (like olive oil), for it can help prevent diseases. Needless to say, the company will try to influence the decision of consumers on its behalf.

Figure 17. Information card (La Masía promotion)

HELP US INVESTIGATE CANCER

With this bottle you give 5 cents

when you donate you also investigate

Collaborate is like accompanying

Result of the work of AECC 2016

- 465.686 patients and family members received assistance
- € 36,8 million invested in research since 2010
- 1.072.140 participants in prevention actions

	EMOTIONAL NEEDS	SOCIAL SUPPORT	HEALTH NEEDS	TRAINING ACTIONS	ATTENTION INFOCANCER
AECC					

Source: Own elaboration

Figure 18. Information card (La Masía promotion)

5 FACTS SHOW THAT OLIVE OIL IS HEALTH

Help control obesity

Facilitates digestion

Prevents cancer

Prevents circulation problems

Prevents cardiovascular problems

Source: Own elaboration

Objective to which it contributes:

- ✓ To attract 10% of new customers within 12 months **(1)**.
- ✓ Increase sales of both of its brands by 7% within one year **(4)**.
- ✓ Increase profits of MIGASA by 7% over the next year **(5)**.

Implementation period: 2 months

ACTION 10: Generate knowledge about the categories of oils through the web

After the market analysis carried out, it was detected that consumers do not distinguish the features of the different types of oils. On the other hand, Ybarra on its website does not clearly differentiate the quality of each variety. That is why I propose that communication be more objective, highlighting the superiority of the extra virgin variety over the rest.

In the web description of Ybarra products it will be informed that extra virgin olive oil is more expensive because it meets more demanding chemical and organoleptic requirements, supports better the heat and for this reason it is recommended for uses as frying and and these clarifications without discrediting other categories. The vocabulary used will be simple and clear so that it reaches all audiences regardless of their intellectual level. The purpose is not to transmit a confusing image and thus the consumer forms a consolidated criterion to be able to choose between the offer.

Objective to which it contributes:

- ✓ Increase the company's interaction with customers on social media, mainly through Facebook and Instagram **(2)**.
- ✓ To achieve 95% of customer satisfaction for next year **(3)**.

Implementation period: 1 week (update and maintenance)

8 TIMELINE

After analyzing the marketing mix of the company and proposals, we will show the schedule of activities to be performed.

ACTION	MONTH											
	1	2	3	4	5	6	7	8	9	10	11	12
1												
2												
3	Update and maintenance											
4												
5	Update and maintenance											
6												
7												
8												
9												
10	Update and maintenance											

9 BUDGET

This Budget has been made for MIGASA and will be applied at the national level.

	Activity	Budget
Action 1: Development of a new spray bottle format	Restructure production lines to produce this packaging	60.000 €
	Product design	4.000 €
	Auxiliary material: labels and containers	500.000 Units = 150.000€ (It could vary depending on the production)
Action 2: Development of a new product for Mercadona	Study prices offered by Mercadona	Free (own development)
	Offer design for Mercadona	Free (own development)
	Adaptation of labels	1.000 €
Action 5: Online marketing of oil under the brand La Masía	Establish online ordering system	Free (own development)
	TPV Virtual	0,50% Transaction fee
Action 6: Advertising Ybarra's oil in MasterChef Celebrity	Advertising expenses	11 Programs = 88.000€
	Oil supply for the television program	500 €
Action 7: Giving out presents	Design and printing of labels	3.000 €
	Purchase of gifts	200.000 €
Action 8: Advertising campaign for the new spray bottle on social media	Video recipes	16 video recipes = 200€
	Trips	32 people = 4800€
Action 9: Promotion of the new product for Mercadona	Cards	500.000 Units=20.000€ (It could change by demand)
Total		531.500 €

10 CONTROL

To ensure the achievement of the objectives of this Marketing Plan, the following controls will be carried out:

Objective	Measuring Frequency	Control Method
1. Attract 10% new customers in 12 months	Quarterly	Evolution of sales, differentiating new products from current ones and comparing previous periods.
2. To boost the company's interaction with customers on social media, mainly through Facebook and Instagram.	Monthly	Analysis of the number of followers in social networks and participation at the comments level and in the publication of photographs for the contest.
3. To achieve 95% of customer satisfaction for next year.	Bimonthly	Measurement of the repetition of purchase through the distributed gifts and study of the ratings of the public in social networks.
4. Increase sales of both of its brands by 7% within one year.	Four-monthly	Review of sales volume compared to previous year and the number of distributors selling the new format.
5. Increase profits of MIGASA by 7% over the next year	Biannual	Review the annual results compared to the previous year.

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