Facultat de Ciències Jurídiques i Econòmiques

UNIVERSITAT JAUME·I

MARKETING PLAN: FRUTAS Y VERDURAS HERMANOS MEDINA

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INDEX

EXECUTIVE SUMMARY

Frutas y Verduras Hermanos Medina (FYVHM) is a family business founded in 1970, by Manuel Medina, currently the two sons Manolo and Emilio are owners of the firm and the ones leading it. They operate in five municipalities, L'Alcúdia de Crespins, where the head office is located, Canals, Vallada, Mogente and Ayora. The top aim of the firm is to satisfy the needs of their customers with products of quality to the best Price.

We are in a sector that despite the crisis that is suffering in Spain, it does not affect too much the fruit and vegetables sector, for according to the analysed studies, Spanish people prefer in many occasions to consume fruit and vegetables to a slice of meat. This gives us hopes of growing in the future. According to the analysis that we have established for the present consumers of the firm it is cantered mainly on women of 40 years up to pensioners. As we will see we have suggested to the firm to concentrate its future efforts through organic products or social networks to capture the younger people, for these will be the consumers of the future.

We will be able to see the opportunities and the threats that present the external environment and how the firm can benefit from the opportunities to grow, as well as the weaknesses and strengths that the firm has internally.

After having analysed the present situation in which the firm is nowadays, we have presented to the organization a series of objectives right to its situation for the firm to be able to achieve them. Moreover, the different strategies have been analysed to improve the firm and so to achieve the objectives suggested.

To end, we will see that we have defined 6 actions for the objectives to be reached. We have composed a table where it can be seen visually the objective which we will mention, the actions to be carried out to obtain this objective, the resources to be used, the indicators to find out if the objectives have been achieved, the goals, the people responsible whom will be in charge of making sure the objective will be reached and finally the starting and ending of the strategies. Furthermore, we have also analysed the control to be carried out in a specific way to know if the objectives will be reachable or not.

1. CONTEXT ANALYSIS

1.1 Business Introduction

- **History.**

The current fruit and vegetables business 'Frutas y Verduras Hermanos Medina' (FYVHM) was founded in 1970 as 'Frutas Medina', and created by Manuel Medina. At first, it was just a small shop in L'Alcúdia de Crespins. Later on, since 1986, the second generation took over the business with the present name.

The two brothers expanded their commercial activity to other local markets – Canals, Ayora, Mogente, Vallada, in the province of Valencia.

Frutas y Verduras Hermanos Medina is a family business. Presently there are two workers, the two Medina brothers. And when it is necessary the daughters help too.

The main activity of this business is the selling of fruit and vegetables to the final client. The service is always personal, and the clients are offered fresh products bought daily at Merca Xàtiva, the local whole sellers' market. Moreover, the Medina brothers produce their own organic products, oranges and clementines in Winter; water melons in Summer.

- **Mission.**

The Medina fruit and vegetables business has as its main objective to sell at a good price the best fruit and vegetables to their final customers. They also aim to offer organic products to the consumers. Thus, catering always for the needs of their customers – individual services, home deliveries, taking of orders.

- **Vision.**

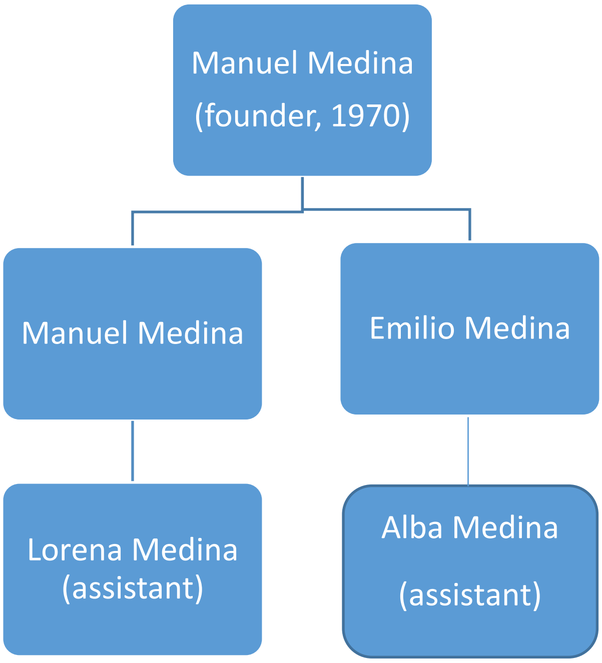
The Medina want to expand their territory, that is to have more selling points. It is also pursued to reach to younger consumers, through the selling of organic products, for young customers are more aware of the environment.

1.2 <u>Company Resources</u>

- **Human Resources.**

FVHM business has presently five workers. The Medina brothers, Manuel and Emilio, are also the directors of this small family business. Two daughters, Lorena and Alba Medina, also help. Below is the firm's.

Figure 2, Organization Chart.



Source: own work. Information: Manuel Medina.

- **Tangible Resources.**

A warehouse. This is the main office. At the same time, it is here that own products and leftovers are kept. Leftover products are few because the business buys fresh products daily at Merca Xàtiva (the zone's wholesale fruit and vegetables market).

A lorry. This is used to move around the different local markets.

A cleaning machine. This machine cleans the fruit and vegetables that the Medina brothers collect themselves.

A mobile shop. The business has several market stalls in different towns.

- **Intangible Resources.**

Products:

The Frutas y Verduras Hermanos Medina business, offers fresh daily products from the area's wholesale market, Merca Xàtiva. Thus covering the needs and wishes of their clients. The Medina brothers themselves grown some organic fruits, like oranges, clementines, and water melons for the time being.

The following table 1, shows the products on offer:

Table 1. Product table.

FRUITS	VEGETABLES
Apples (Golden, Fuji, Royal Gala)	Broad Beans (season)
Pears (Alcolina, Conference, Alejandrina)	Artichoke (season)
Bananas	Peppers (red, green)
Platanos	Egg Plants
Pineapples	Zucchini
Mangoes	Broccoli
Avocado	Red Cabbage
Dates (fresh frozen)	Lettuces
Melon	Nugs
Water Melon	Onions
Sweet Potatoes	Potatoes (red, white)
strawberries	Oak leaf
Kiwi (yellow, green)	Garlic: purple, black
	Cauliflower
	Turnips
	Parsnips
	Carrots
	Chick beans
	Beetroot
	Asparagus
	Radishes
	Dry beans
	Cucumbers
	Tomatoes (Raf, pera, Daniela)
	Fresh beans
	Mushrooms

Source: own work

Price:

There is a strong competition within the retailing service. Although retailers might buy the products from the same place, their price and quality varies. But the price difference from one retailer to another is only of several cents.

Frutas y Verduras Hermanos Medina, characterises itself for its products quality, for this their prices are a bit more expensive than those of their competitors.

The following are the steps the firm has to establish their pricing:

a) Price objectives selection. For the firm quality allows its positioning versus the opposition.

b) Demand estimates. For pricing the law of supply and demand is examined. The products are seasonal – oranges, strawberries, artichokes, broad beans, etc. When the crops are abundant, the price goes down, and vice versa.
There are other variables. FVHM has an *exclusive effect*- it offers services that other firms do not, like fresh products and home deliveries.
There is also the *final profit effect* – prices are adapted between fixed costs (business licences and taxes) and variable costs (annual taxes, buying, irrigation costs).
The effect price-quality – the business is committed to offer high quality products and extra services to its customers.

c) Price analysis and offers to customers. For an adequate product price, there is the equation highest and lowest price. The first has a poor demand; with the second, the firm has no profits.

Customer product value is also to be considered. FVHM customers show product satisfaction, and this allows for higher pricing tan the competition.

Other pricing variables are the competitors own prices, second products, plus the firm's own expenses.

d) FVHM has a method for Price fixing. This is the commercial margin,
having into account fixed and variable costs. Thus the owners always know this profit margin, and how to adjust princing to present different offers to their customers.
Prices vary according to each product. The 'bobi' bean can reach 5€ per kilo, a quite high Price; potatoes can be as low as 0.4€ per kilo. In this business it is always necessary to account for the different seasons of the year, seasonal products are cheaper; melons, for

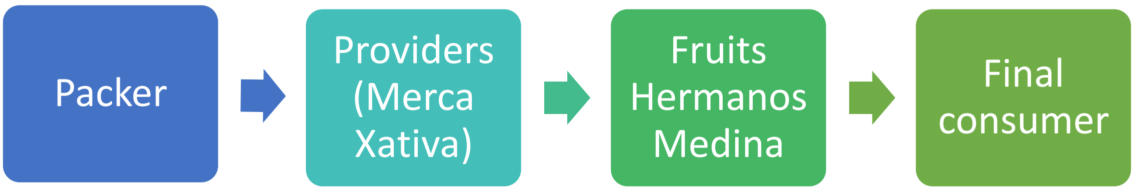
instance, have a price of 0.5€ per kilo in the summer, whereas in winter it goes up to 2€ per kilo. But even so, it also important to highlight that it depend on some other variables, for instance, the weather since it affects the harvests. If the appropriated conditions do not take place in summer for the watermelons to grow, these will be more expensive due to the fact that they will be reduced in number. In conclusion, price will be established depending on supply and demand law.

Distribution:

Here the less intermediaries the lower the pricing. There are several factors involved: bargaining, product storage, transportation, risks taking, etc.

Frutas y Verduras Hermanos Medina distribution channel has a 2 level: packaging firms, wholesalers (Merca Xàtiva), retailer (FYVHM), and the final customer.

Figure 4. Distribution channel



Source: own work

Communication:

Frutas y Verduras Hermanos Medina message to its clientele is that of fresh and quality products. This is the mark of the business along the years – it is the culture of the firm. Each client is looked after and her specific needs are satisfied as much as possible too.

FVHM has business cards and other available information. As it is a local business, it advertises itself using local posters and local festivities program books. It also participates in local societies, as: 'Amas de Casa TYRIUS' of L'Alcúdia de Crespins, and the Cancer Society.

Finally, we emphasize in the distribution of fruits and vegetables, each market stall has an excellent presentation and ordered, so it can attract the senses of potential customers.

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Environment Concern

The business grows its own products, oranges in winter, and melons in summer. A future objective is plant more products, for offer more organic products to customers. It is important to look after the environment. Later we talk about this matter.

1.3. Macro External Analysis

1.3.1. Macro environment

- **PESTEL.**

Political Factors

Whit respect to factors politician, Spain is in a political turmoil. There is no ‘official’ government since the last general elections of 20 December 2015. A new general election has been announced. But, it’s true that actually Marina Rajoy is the president in functions.

Economic Factors

Spain has suffered an economic crisis since 2007. Nonetheless, according to several information soureces, the agricultural sector is headed by the production of fruits and vegetables, with a 32% of the total final production.

In respect to Gross Domestic Product (GPD), and according to report of February 2016 of The Ministry of Economics and Competitiveness has announced, that Spain close of 3.2% for the 2015 year, 1.8 points higher than the previous year, moreover this is the highest rate since 2007 (economic crisis). According to data published by the National Institute on Statistics.

The overall Domestic Demand is becoming again the engine for this economic growing, contributing 3.7% of the GPD, 2.1 points more than in 2014. This is due to the private consumption and productive investments.

All these factors are related to the following social factors too. Within this we discuss issues, such as, consumption of the population, in addition to, we will focus in the consumption of fresh fruit in Spain, and the global consumption.

Social Factors

It is important to study population habits to understand and adapt to potential customers. On focus here is on population ages, and occupations of the population.

First, we will focus on the ages of the population. To make a good study, we delimit populations in points of sales of the company: L'Alcudia de Crespins, Ayora, Canals, Mogente and Vallada.

In this table we can see the people who have these municipalities by sex and age:

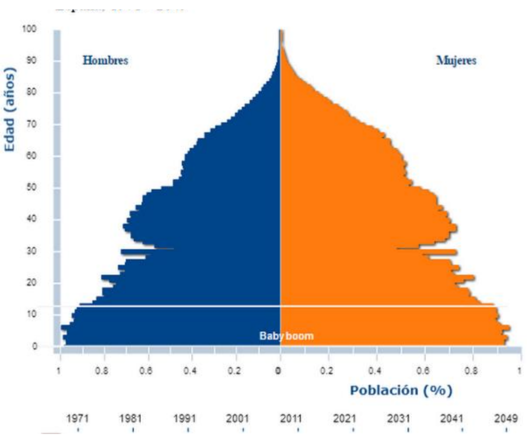
Table 3. Population by sex, age and municipality, 2014.

Both sexes	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100 y más
46020-Alcúdia de Crespins, l'	49	53	51	52	55	45	83	76	98	88	71	68	59	54	54	30	35	27	5	4	2
46044-Ayora	38	49	63	46	57	63	64	72	77	95	108	66	71	52	48	38	50	32	18	4	2
46081-Canals	90	139	150	103	140	186	175	215	221	226	197	207	140	159	130	78	89	49	16	2	2
46170-Mogente/Moixent	30	40	61	41	52	47	59	56	63	80	83	55	57	51	38	31	45	24	3	3	0
46251-Vallada	15	27	33	33	40	33	30	47	43	34	41	55	32	44	32	19	38	24	6	0	4

Fuente: Instituto Nacional de Estadística

Source: INE

Graphic 2. Population pyramid Spain.



Source: Aging (on line). Ministry of Economics and Competitiveness.

What first attract from table 2, it can be noticed that, within the five named towns, the population average is between 40 and 50 years. According to the FVHM it coincides with the general age of its customers, along with pensioners, there are the profile that more abundant.

Now, looking at Graphic 1, this fact coincides with the baby boom of between 1946 and 1964, after the Second World War. According to the document published by the Institute BBVA (work nº. 8/2014) "*birth-rate, population pyramid and migratory movements in Spain:*

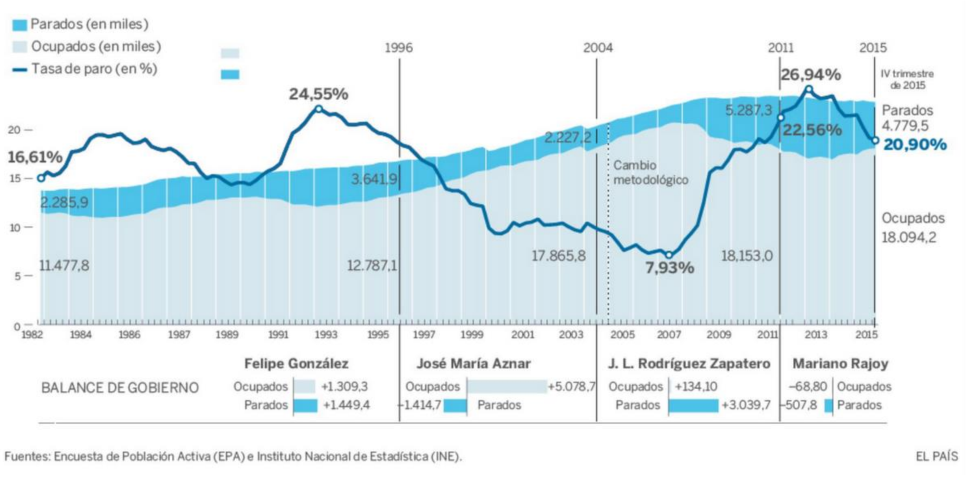
its effects on the pension system". In 1970 the population pyramid representing Spain had a perfect pyramid shape. At the base of this pyramid were people born in the *baby boom*.

Nevertheless, in 2013, occurs a change, a narrowing in the base of pyramid, as well as, in the centre too. According to this document, this change is affected for two phenomena, first, decreased fertility rate (from 2.9 children on average for the 1970-1975 period to a rate of 1.32). And the second factory is the current position of the baby boom generation, they are in the positions of the workforce or working age.

Besides, include migratory effects, these include both entries of people from other countries as the outputs of the Spanish population.

Then, we can see the data of unemployed, employed and unemployment rate that EPA and INE published in late 2015. We look in graphic 2, in the last periods, since 2013 to 2015. We see that unemployed has decreased in more or less six points, (26.94% in 2013, 20.90% in 2015). This means that there 4.779.500 unemployed persons in Spain. But, unemployment there since the outbreak of the crisis in 2007, it has been increasing year after year, and actually the unemployment is higher than previous data of the crisis. So it has a major impact on consumption.

Graphic 5. Unemployment rate in Spain, 2015.



Source: EPA, INE y EL PAIS.

Now, the focus is on the consumption of fruit and vegetables for November, 2015. The next two tables, *by the Ministry of Agriculture, Food and the Environment*, are showing the products consumed in Spain. Fresh fruits are the second most consumed, after dairy products 97.25 kg/Lt per capita, there are the second more consumed food, after milk and dairy products.

Although this year the consumption of fresh fruit has not a positive trend, Spanish people prefer to consume fruit to meat, fresh fruit is consumed twice as much as meat.

Table 5. food consumption at home.

LA ALIMENTACIÓN MES A MES TAM NOVIEMBRE 2015 HOGARES							
Productos	**Cantidad (Millones de Kgs/ Lt)**		**Evolución**	**Valor (Millones de €)**		**Evolución**	**Kg / Lt per Cápita**
	TAM NOVIEMBRE 2014	**TAM NOVIEMBRE 2015**	**%15 Vs 14**	**TAM NOVIEMBRE 2014**	**TAM NOVIEMBRE 2015**	**%15 Vs 14**	**TAM NOVIEMBRE 2015**
.TOTAL ALIMENTACION	**29.690,2**	**29.282,9**	**-1,4**	**66.526,5**	**66.877,3**	**0,5**	**645,1**
TOTAL CARNE	2.293,0	2.240,2	-2,3	14.607,5	14.646,1	0,3	49,36
TOTAL PESCA	1.186,8	1.155,6	-2,6	8.949,4	8.907,7	-0,5	25,47
T.FRUTAS FRESCAS	4.608,3	4.414,9	-4,2	5.937,1	5.935,4	0,0	97,25
T HORTALIZAS Y PATATAS FRESCAS	3.818,6	3.639,1	-4,7	5.049,7	5.047,1	-0,1	80,16
PAN	1.610,0	1.572,4	-2,3	3.811,4	3.783,3	-0,7	34,64
TOTAL ACEITE	598,5	558,8	-6,6	1.363,6	1.461,0	7,1	12,31
T.HUEVOS KGS	380,2	376,0	-1,1	830,0	816,4	-1,6	8,28
LECHE Y DERIVADOS LÁCTEOS	5.046,9	5.046,1	0,0	8.332,6	8.334,0	0,0	111,17
T VINOS Y BEBIDAS DERIVADAS DEL VINO	455,5	460,0	1,0	1.061,9	1.091,9	2,8	10,14
AGUA DE BEBIDA ENVAS.	2.345,5	2.504,8	6,8	481,4	521,3	8,3	55,17
BEBIDAS ALCOHOLICAS ALTA GRADUACIÓN	37,6	37,2	-0,9	387,6	388,1	0,1	0,82
GASEOSAS Y BEBID.REFR	2.048,2	1.991,8	-2,8	1.589,9	1.557,8	-2,0	43,88
RESTO ALIMENTACIÓN	5.261,3	5.286,0	0,5	14.124,3	14.387,3	1,9	116,47

Source: Ministry of Agriculture, Food and Environment 2015.

Graphic 6. Total food consumption at home.

TOTAL ALIMENTACIÓN (HOGAR)	
CONSUMO PER CAPITA	VOLUMEN EN LA CESTA DE LA COMPRA
645,12	**29.282,9**
Kg / Lt per Cápita	Cantidad (Millones de Kgs/ Lt)

Source: Ministry of Agriculture, Food and Environment 2015.

Finally, and to end this point, we are going to analyse the people's expenditure per regions (Autonomous Communities), to have present that this table refers to the year 2013. We can see that the region that most consumes in Spain is the Basque Country, with an average spending per unit of consumption of €19.898,32. And the region with the least spending is Ceuta with an average spending per unit of consumption of €12.620,27. These two regions also have a lower unemployment rate in Spain (Basque Country), and a higher unemployment rate (Ceuta). For it is clear that the consumption depends on the income each household obtains.

Regarding the Valencian region (Autonomous Communities), the average spending in consumption per capita, it has to be said that it is situated in the middle of the table, with an average spending per unit of consumption of 14.775,6€.

Table 7. Average costs and index on the average expenditure per person and per Autonomous Community.

7.2.5. Gasto total, gastos medios e índice sobre la media del gasto medio por persona por comunidad autónoma. Año 2013

	Gasto total (millones de €)	Gasto medio por hogar (€)	Gasto medio por persona (€)	Índice sobre la media del gasto medio por persona	Gasto medio por unidad de consumo (€)
TOTAL	**493.513,61**	**27.097,95**	**10.694,68**	**100,00**	**15.964,69**
Andalucía	76.163,12	24.296,76	9.140,31	85,47	13.885,94
Aragón	14.852,48	27.593,58	11.331,99	105,96	16.675,29
Asturias, Principado de	11.784,46	25.643,88	11.193,69	104,67	16.042,71
Balears, Illes	12.136,49	27.664,37	10.962,81	102,51	16.375,55
Canarias	17.762,29	22.069,93	8.465,16	79,15	12.699,08
Cantabria	6.448,38	27.109,68	11.063,94	103,45	16.275,60
Castilla y León	25.594,15	24.826,31	10.424,75	97,48	15.157,40
Castilla - La Mancha	19.162,51	24.418,33	9.321,49	87,16	14.072,68
Cataluña	86.316,41	29.308,39	11.709,74	109,49	17.451,22
Comunitat Valenciana	49.185,74	24.640,69	9.970,77	93,23	14.775,60
Extremadura	9.711,66	22.635,29	8.940,94	83,60	13.299,07
Galicia	27.928,49	26.088,54	10.223,80	95,60	15.154,98
Madrid, Comunidad de	81.231,52	32.550,48	12.850,39	120,16	19.227,49
Murcia, Región de	13.678,42	25.964,38	9.400,28	87,90	14.474,28
Navarra, Comunidad Foral de	7.677,92	30.677,17	12.212,43	114,19	18.214,05
País Vasco	29.104,14	32.719,93	13.572,53	126,91	19.898,32
Rioja, La	3.420,90	26.448,98	10.940,56	102,30	16.092,68
Ceuta	653,20	25.618,61	7.791,16	72,85	12.620,27
Melilla	701,33	28.221,73	8.517,57	79,64	14.031,69

NOTA.- Para el cálculo de las unidades de consumo se ha utilizado la escala OCDE modificada.
Fuente de información: Encuesta de Presupuestos Familiares. INE.

Source: INE.

Technological Factors

Spain as we all know it is not a country that invests much capital for obtaining improvements in I+D+i. As we have been able to see in different journalist's sources, Spain is one of the most backward country in a European level in relation to investment.

This is the image that Spain is offering per Autonomous Regions regarding its investment in I+D+i. The most outstanding point, as one should expect, is that the Regions with most investment in research are Madrid Region and Catalonia Region.

Table 8. Spending on I+D by communities.

	Gastos internos (miles de euros)	Gastos internos (%)	Personal en I+D en EJC: Total personal	Personal en I+D en EJC: Mujeres	Investigadores en EJC: Total personal	Investigadores en I+D en EJC: Mujeres
Total	6.784.311	100,0	87.642,0	26.992,8	44.688,6	13.808,2
Andalucía	529.978	7,8	7.676,6	2.212,6	3.670,7	1.075,7
Aragón	170.892	2,5	2.243,2	615,0	1.217,2	370,5
Asturias, Principado de	88.901	1,3	1.390,6	413,4	798,7	247,1
Balears, Illes	11.791	0,2	235,3	51,2	102,7	28,0
Canarias	35.612	0,5	536,4	144,4	291,2	83,4
Cantabria	36.001	0,5	596,0	163,1	226,4	62,0
Castilla y León	283.280	4,2	3.583,5	1.020,7	1.679,4	515,7
Castilla - La Mancha	118.197	1,7	1.396,9	398,3	620,7	204,8
Cataluña	1.672.072	24,6	20.487,0	6.874,1	9.648,7	3.147,3
Comunitat Valenciana	412.819	6,1	6.916,0	2.016,6	3.234,2	986,3
Extremadura	25.875	0,4	463,2	140,2	194,7	65,9
Galicia	227.243	3,3	3.777,5	1.055,4	1.774,5	522,9
Madrid, Comunidad de	1.840.574	27,1	21.124,0	6.936,6	11.534,1	3.652,3
Murcia, Región de	99.812	1,5	1.553,8	492,0	609,8	186,0
Navarra, Comunidad Foral de	216.137	3,2	2.378,0	631,3	1.265,7	330,1
País Vasco	975.297	14,4	12.625,4	3.627,0	7.585,8	2.247,1
Rioja, La	39.339	0,6	649,3	199,4	228,2	81,4
Ceuta	..	..	..	..	..	..
Melilla	..	..	..	..	..	..

Source: INE.

Focusing on the agricultural technologies, we have encountered that *the Ministry of Agriculture*, since 1993 had conceded by decree grants to help to create new technologies.

In Spain and through the Ministry of Agriculture there is a program called '*Observatory of Tested Technologies',* as we could encounter, in this place it can be found all the technologies that have been taken place up to now, and they are vouched by scientific institutions, they are material in orienting to the agricultural, fishing and food industries, so as to improve their innovative activities. Currently, knowledge from different areas is offered: vegetable material, plagues and diseases diagnosis, agricultural machinery, production and feeding animal systems.

Eco Factors

As we well have said in the previous point, new technologies are in force to mechanise agriculture, but one of the most important points indicated by the *Ministry of Agriculture* is that these technologies must be respectful with the environment. To this effect, each one of the areas where research is done are having regulations for the control of the contamination and the preservation of the natural environment.

We are focusing on the measures that are established for the fertilizers to be able to protect the ecosystem, for this is one of the products that Frutas y Verduras Hermanos Medina uses frequently.

This product is of a great relevance, for thanks to it food of quality can be obtained. These fertilizers must respect the natural environment according to *the European Union that passed a Regulation (CE) 2003/2003, 13 October of the European parliament and the Counsel referring to the fertilizers, these must be respectful with the natural environment.* Establishing norms on organic fertilizers and organic-mineral fertilizers, which were not regulated by the previous regulations, but they are regulated by the Real Decreto 506/2013, 28 June regarding fertilizer products.

Legal Factors

The following is a list of current Spanish legislation on Environmental Assessment:

- Environmental Assessment Act, 21/2013, December 9.
- The 6/2010 Act modified the previous one, 1/2008, January 11, in relation to new projects.
- The 9/2006, April 28 Act about the effects and impacts of specific plans on the environment.
- The 1131/1998 Royal Decree, September 30 passed the Regulation for the 1302/1986, June 28 Royal Decree on Environmental Impact Assessment.
- Royal Legislative Decree 1/2008, 11 January, within which it is passed the remaking of Ley de Evaluación de Impacto Ambiental of Project (Evaluating Environmental Impact).

1.3.2. Micro Context.

PORTER'S MODEL

<u>Customers Negotiating Power.</u>

This power is related to the number of companies operating within the same sector, plus the number of clients itself. If there are lots of companies offering the same product, customers will have more options, and thus, a major power over the final price.

Fruit and vegetables retailing, as Manolo Medina points out, has many outlets and shops, giving this a certain price power to customers. However, the quality of each product marks a difference. For example, when a customer says that tomatoes are at €1.30 somewhere else, the vendor might decide to lower the price or not, depending on their quality.

<u>Suppliers Negotiating Power</u>

According to Porter's Model, suppliers have a major negotiating power when the following occurs: suppliers are close, selling is of a small scale, the products are specific, there are high costs if changing customers, there is a threat of take-over, there are no other products available, the products cannot be stored, and the product is important for the client.

Regarding the Medina Brothers suppliers, these have a strong negotiating power due to the following: they are all operating within the Xativa's wholesale market. As a small family business, MBFV not often buys in large quantities, for the products cannot be stored, there are perishable. Moreover, MBFV buys fresh products daily.

The Threat of New Competitors

In relation to the threats by new competitors, it is refering to the difficulties or to the contrary to the facilities that a firm can face if it wants to enter into the sector. For this, there are entrance barriers, these create some difficulties when entering to the pursued market.

In this case, we should talk about the fruit and vegetables sector, in this sector there are not big barriers to Access this market, this explains that there is a strong threat of competitors. There are no great entrance barriers because there is not any privileged Access to the raw materials, this is to say, every fruit and vegetables firm that are engaged in selling to the final client obtain their products at the same place, in this case at Merca Xàtiva. Neither there is a large product differentiation, it is true that each firm can buy products of high or low quality, but all are ‘equal’.

It is not necessary having a large amount of capital to set up a fruit and vegetables shop, and neither it is a great cost to the firm to change its provider, for all are concentrated in the same place.

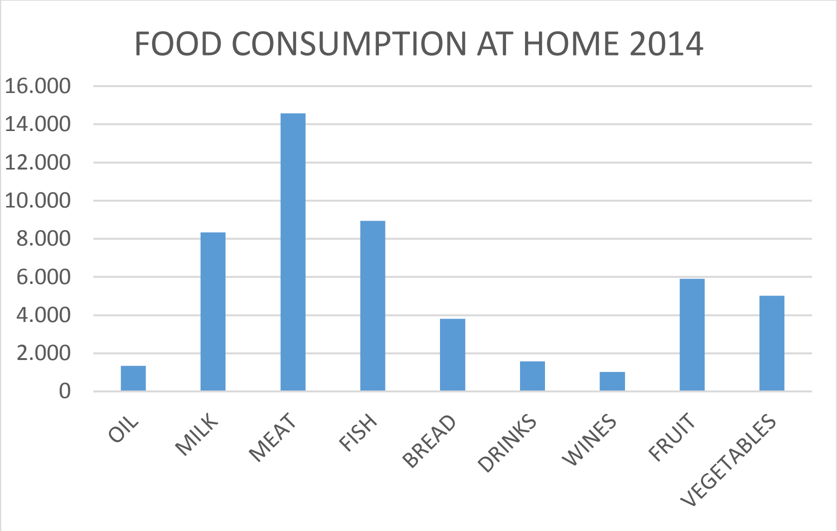
Threats of Substitutes

The business of selling fruit and vegetables is part of the larger food business, so do the substitute products.

Following *the Ministry of Agriculture, Fisheries and Food*, this is a list of the main products consumed in the Spanish households instead of fruit and vegetables: oil, milk, meat, fish, bread, pastries, biscuits, cereals, drinks, wines, and others.

The graphic below shows the most consumed food in the Spanish households. The top three are meat, fish and milk. In fourth place come fruit and vegetables. So, meat, fish and milk are the main substitute food for fruit and vegetables.

Graphic 8. Food consumption at home, 2014.



Source: own work, data December food at home, 2014.

<u>Existing Rival Competitors</u>

Frutas y Verduras Hermanos Medina retailing business has many competitors. There are several factors telling the strength of this competition. First, this business growth is slow, due to its high level of positioning. The product difference is established by its quality; this is the trade mark of FYVHM. Second, it is easy for the customer to change retailers. Third, there is a lot of competition.

Regarding the direct firm's competitors, we are going to analyse them per municipalities, as the firm operates in different places, for this we have done a table, where we can see per towns the fruit and vegetables shops that there are currently, and the most sold products that each shop has.

	Competitors
L'Alcudia de Crespins	- Frutas y Verduras Violeta - Frutería el Reiet - Frutería Tot Verd - Frutas Sami - Consum - Dia
Canals	- Frutería Tormo - Frutería Sabor Sabor - Frutas Fernando - Frutería Vicente Gandía - Consum - Día
Vallada	- Frutas Belda - Frutas García - Consum
Mogente	- La moixentina - Frutas el Guerreret - Frutas Mari Bel - Mercadona
Ayora	- Frutería Pastor - Frutas Marcos - Frutas Nelo - Consum

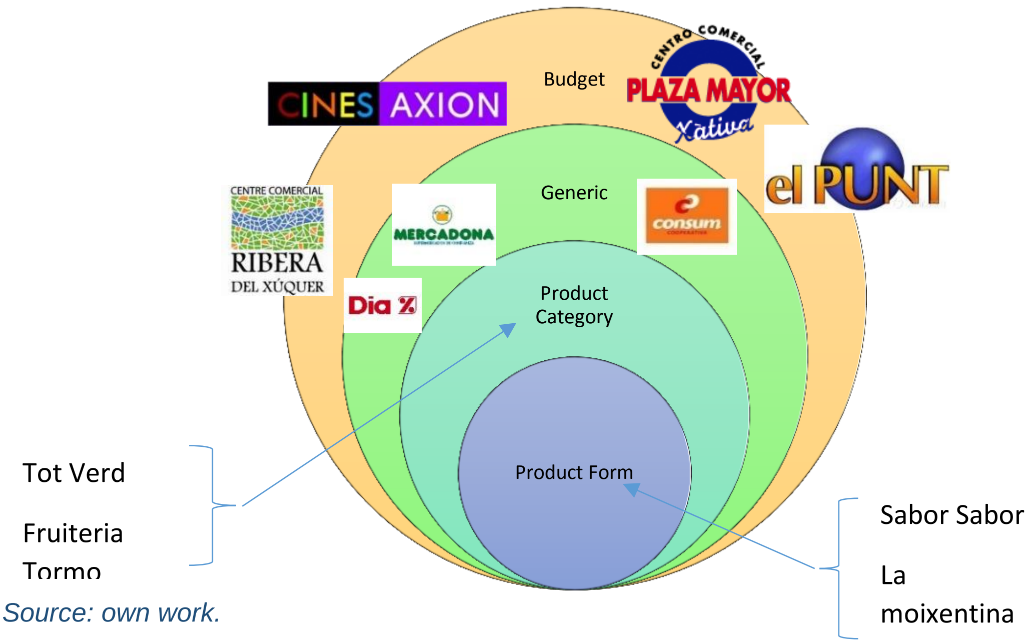
Next, an analysis of each competitor is made, and the better sold products of each of them:

- In L'Alcúdia de Crespins, the major competitor for the Medina Brothers is Tot Verd Greengrocers, this establishment offering low cost products. The locals here prefer to buy cheaper products and lower quality; this is due to the last economic crisis impact.
- To the contrary, in Canals people prefer quality and variety. Sabor Sabor Greengrocers is the main competitor. It is, with the Medina Brothers, offering different products to their

customers – wild fruits such as pink pitaya, mangoes, mangostán, lychees, queen victoria pineapple, etc.

- It is in Vallada that the Medinas have a market dominance. It offers exclusive products, that in the rest of greengrocer the population not found. Belda Greengrocers is the closest competitor. In this town like in L'Acúdia de Crespins with Tot Verd, Belda's have cheaper products of a lower quality.
- La Moixentina is the competitor in Moixent. It is an old neighborhood supermarket, and besides greens it also sells other products.
- Finally, it is Pastor Greengrocers of Aiora another FYVHM competitor. This área does not produce citrus, and these two retailers are the ones that obtain oranges. Both businesses buy their quality products from Merca Xàtiva.
- Besides all the competitors mentioned above, FYVHM faces competition in other different ways, according to the notes from 'Fundamentals Strategic Marketing'. One is the <u>budgeting of customers</u>– products that affect customer's decisions. Another are <u>generic products</u>, the ones covering the same requirement. A third is the <u>group category of products</u>, these have the same attributes and different presence. That is to say, their quality is different to the one offered by FYVHM, for example low-cost products. Although all these greengrocers buy from the same wholesaler's market, they buy lower quality products. The last form of competition refers to the <u>type of products</u>, products and brands offering the same service or catering for the same needs to the same market niches. In the next figure, we can see the diagram of this type of competitive.

Figure 8. Identifying competiton.



Source: own work.

All of these factors reveal that there is a strong competition within the sector, and that there must be established a good strategy to allow the firms to differentiate one from the other. Frutas y Verduras Hermanos Medina, it is different for it offers a specific manner dealing with the clients, this is to say, they adapt themselves to the needs of each one of them, moreover they offer different products and of quality.

2. MARKET ANALYSIS

Having analysed the general business context, let’s do the same about the fruit and vegetables market. The information obtained and used it comes from publications by the *Ministry of Agriculture, Food and Eurostat.*

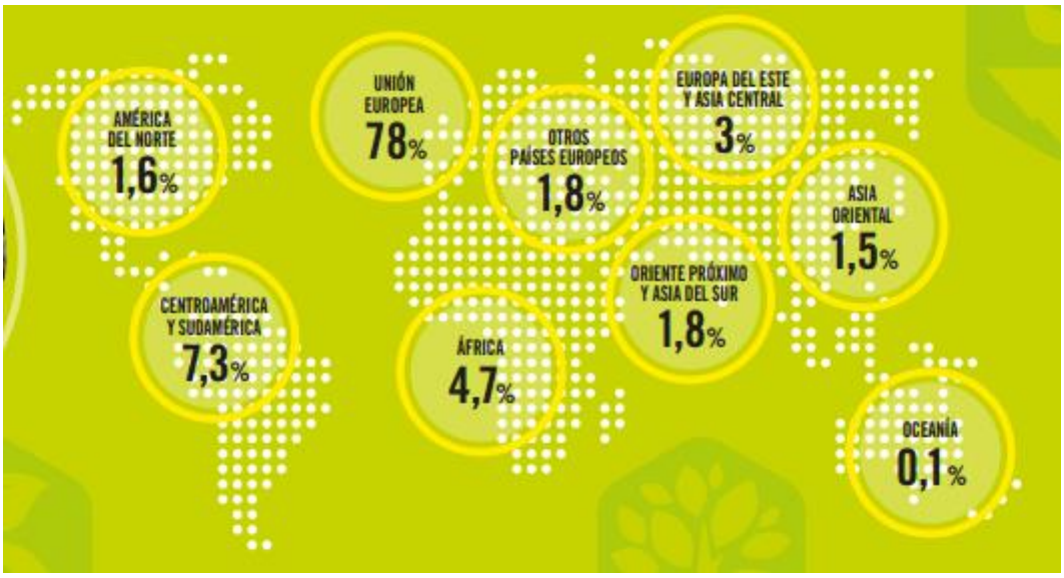
2.1. Market Situation

According to the words of the Minister for Agriculture, Food and the Environment, in the year 2014 the exports data for the food sector had an increase of 4.7%. Highlighting the so powerful sector that Spain has. As our exports of fruit and vegetables have reached a value of 14.400€ million (15 million tons), these exports have increased in relation to the two previous years (22012-2013) by as much as 15.7% in the value of the exports and by 10.5% in volume. So according to Isabel García Tejerina, Minister for Agriculture, Food and the Environment (2014), “Spain is the second producer country of the EU, its main exporter and it is situated in the third place worldwide’. This for the Minister means that ‘we are exporting more and above all better”.

She also points out that it is important for Spain to be present at fairs such as Fruit Attraction, for this helps the Spanish sector to be present in the international market.

At the last Fruit Attraction Fair, as it can be seen in the map, professionals from all over the world did attend. Standing out the ones from the European Union. In the edition of 2015 1.028 firms of 25 countries participated, all of them had shown their products within the 33.046 m2 that the premises had for the stands. There was a total of 49.367 professionals coming from 100 different countries.

Figure 10. Origin of visitors.

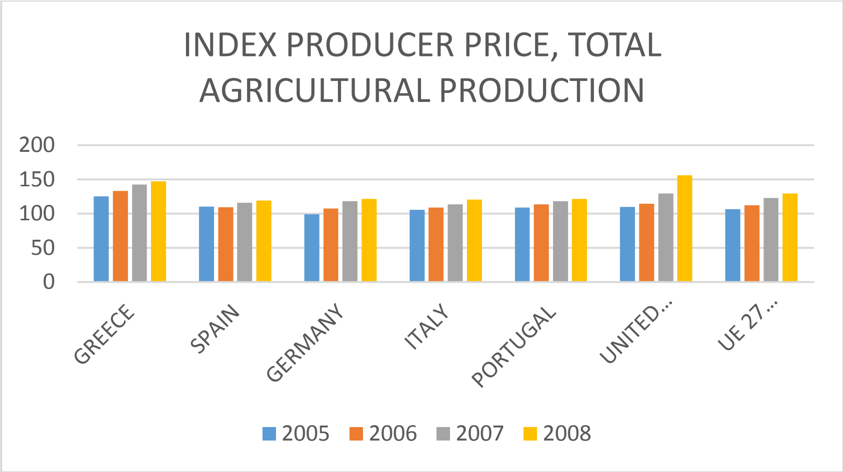


Source: IFEMA.

Now, we will look at the industrial price index regarding the total food production and agricultural products. This is within the European Union. It can be seen, from figure 4 that almost all countries have increase their index between 2006 and 2008. The United Kingdom is the country with a higher increase price index regarding its food production, almost 50 points.

Spain, with the same period, was in third position after Greece. The Spanish price increase, unlike that of the UK, has taken place in a gradual fashion.

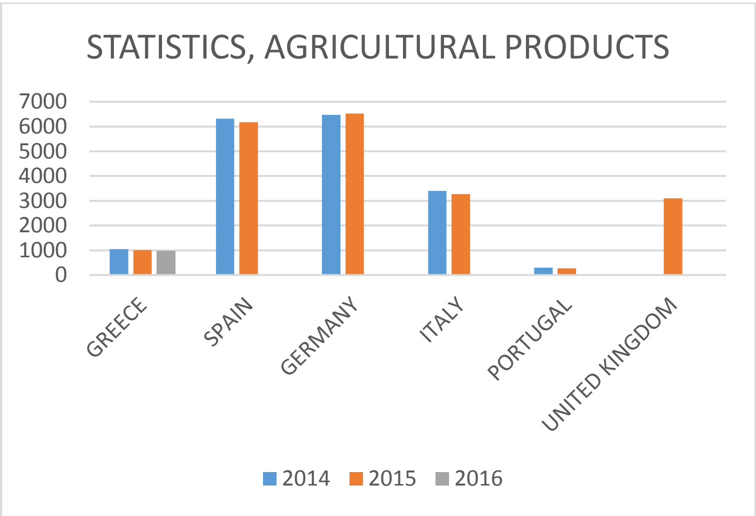
Graphic 9. Index Producer price, total agriculturalproduction.



Source: own work, data EUROSTAT.

Next, we are going to analyse the agricultural products from some European Union countries. What at first sight it calls our attention from graphic 5 is that the two most outstanding countries are Spain and Germany. Precisely two of the countries that increased their industrial prices of the agricultural production in a gradual way, 2005-2008.

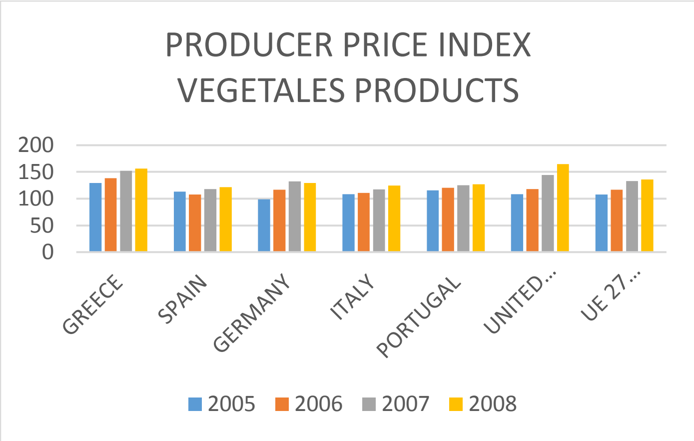
Graphic 10. Statistics, agricultural products.



Source: own work, data EUROSTAT.

As well as to indicate the indexes of the industrial prices of the vegetable products for some countries of the European Union, as it can be seen, it is again the United Kingdom the country having an increase this time of almost 60 points in the index of prices. While Spain as well as Germany, Italy or Portugal, has a more moderate increase. In relation to the average of the European Union countries we can see that also there is a controlled and constant increase.

Graphic 11. Producer Price index, vegetales products.



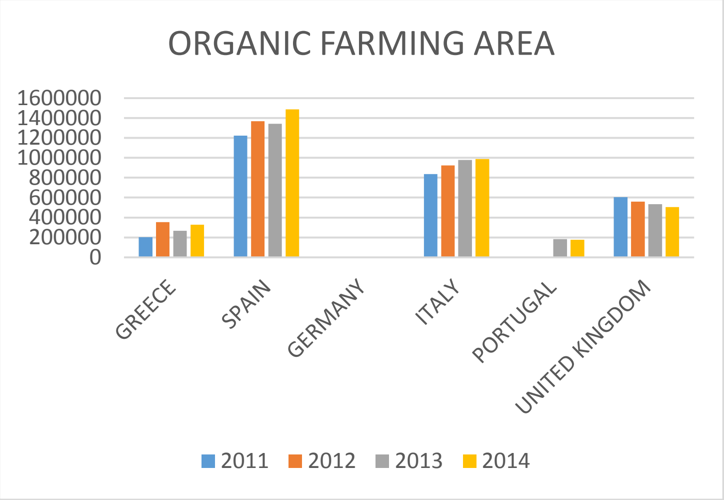
Source: own work, data EUROSTAT

To conclude, by referring to organic farming, for more and more organic and green products are being consumed that preserve the natural environment, rejecting those chemical products or those that have pesticides in the production process, it is mainly the young people who are more concerned about this issue.

Spain is the country of the European Union with more land dedicated to organic farming, this analysis shows that it is the predominant country since 2011. In 2013 had a relapse (even though, it continued on top), but son recovered.

We can see there are countries like Germany that not even have any land for organic products, so if they want to consume this type of products they have to be imported.

Graphic 12. Organic faming area.



Source: own work, data: EUROSTAT

3. ANALYSIS OF CONSUMERS BEHAVIOUR

In this section, we are going to analyse the behaviour that the Spanish consumers do show in the agro-alimentary industry, for this it has been *used "El informe de consumo de alimentación"* (2014), this report was done by enquiring to 1.500 consumers. On the one hand, we will talk about the trust that exists for the part of the consumers, on the other hand about the new trends that are present within the Spanish society in regards to consumption.

3.1 Climate of trust in the agro-alimentary sector

- **Shopping Habits**

First of all, to comment on consumers shopping habits, which are the main deciding factors in choosing shopping in one establishment and not another. To this we can see table number 6, we can see that the 3 top factors that most affect this election are: the quality of products, the proximity or closeness of the establishment, and the good prices or offers that present the products. Analysing the table, we can see how the quality of the products has always been a factor taken into account by the Spanish consumers, giving to this factor a major importance over the other. Except in the year 2012 when the prices of the products were more important than the quality.

Table 10. Factors determinin the choice purchase in an establishment.

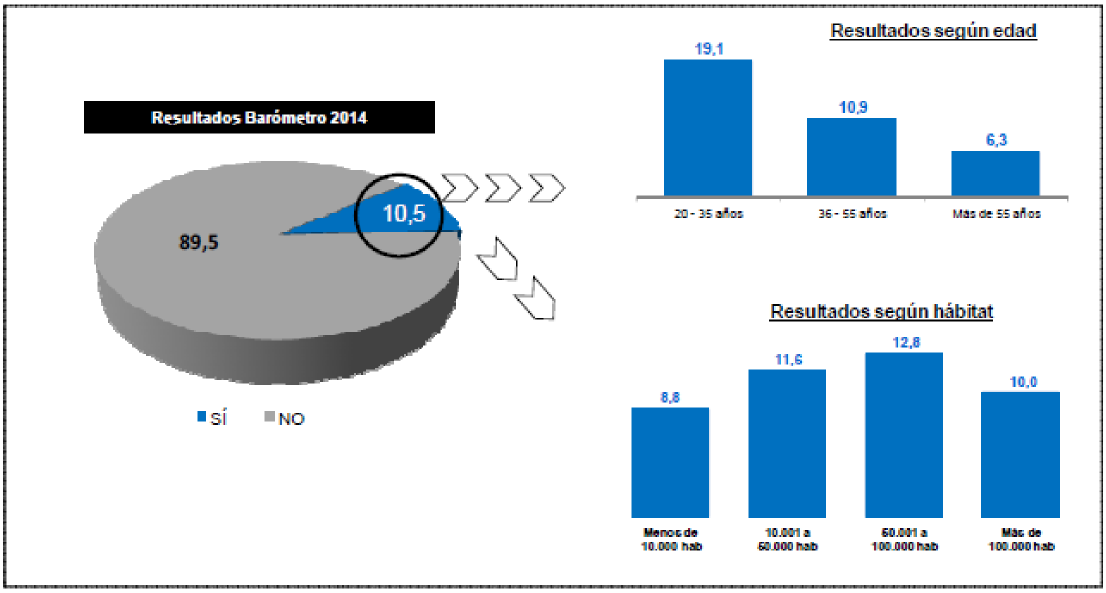
Factores que determinan la elección de un establecimiento (%)	2006	2007	2008	2010	2011	2012	2013	2014
Calidad de productos	54,0	56,0	62,1	67,2	66,7	51,9	64,1	59,9
Proximidad/Cercanía	54,8	52,2	44,3	45,1	40,4	50,9	47,8	54,5
Buenos precios, aparte de ofertas	35,3	34,1	55,5	58,3	59,3	62,7	55,3	52,9
Atención al cliente	24,7	22,1	19,4	24,5	25,3	34,9	25,1	25,7
Variedad de productos	28,4	24,2	23,1	28,7	28,0	21,9	19,4	21,7
Buenas ofertas	23,0	20,4	20,4	20,2	14,6	17,5	13,7	14,5
Variedad de marcas	14,3	11,7	11,7	13,4	11,5	11,7	8,1	8,9
Rapidez en compra	4,4	3,8	5,9	4,0	4,3	4,3	2,9	3,5
Horario	5,4	3,8	3,6	2,8	2,8	7,7	3,9	3,1
Parking	4,5	4,6	3,2	3,2	5,1	6,9	3,0	3,1
Marca Propia	1,4	1,7	1,6	2,3	3,0	1,6	2,3	1,5
Otras	8,1	6,3	3,5	6,7	11,3	13,4	15,6	10,8

Source: Informe del consumo de la alimentación en España, 2014.

Internet Shopping

In relation to the buying of products by the Internet, it is observed that only 10.5% of people been interviewed do buy on the Internet. According to ages, as expected, it is the young people (20-35 years old) the ones shopping more via Internet, this is due to the lack of time, on the other hand people over 55 years old, only a 6.5% do shop this way, for this we can say that as the age increases the internet shopping diminishes.

Graphic 13. Purchase online.



Source: Informe del consumo de la alimentación en España, 2014.

Brand Loyalty.

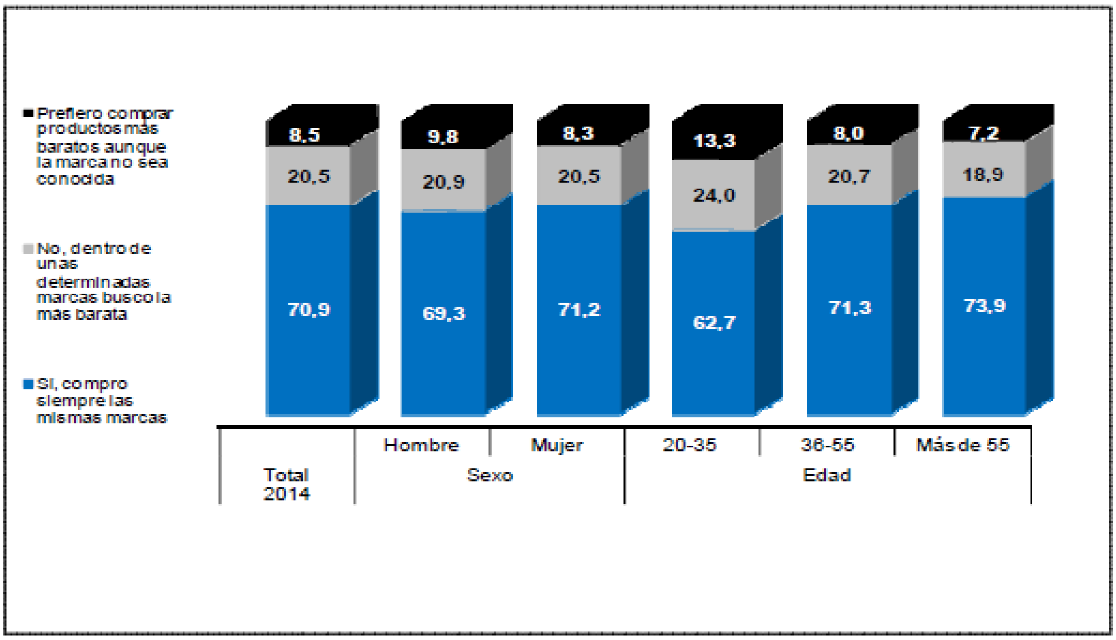
In this section we will analyse graphic 10, where are reflected the answers given by the consumers to the question Do you always acquire the same Brand?

As it can be observed women as much as men are loyal to the brands of the products they like. More than 20% prefer the cheapest product of the Brand and less than 10% of the interviewees gave the most importance to the Price, they prefer to be the most economic, leaving to one side the brands.

By ages, we can see that people of older age, in this case from 55 years upwards, we see that 73.9% always buy the same brands.

So we can say that yes consumers are loyal to the brands that they like and consume those particularly, giving more importance to the quality of the product that to the price.

Graphic 14 Fidelity marks.

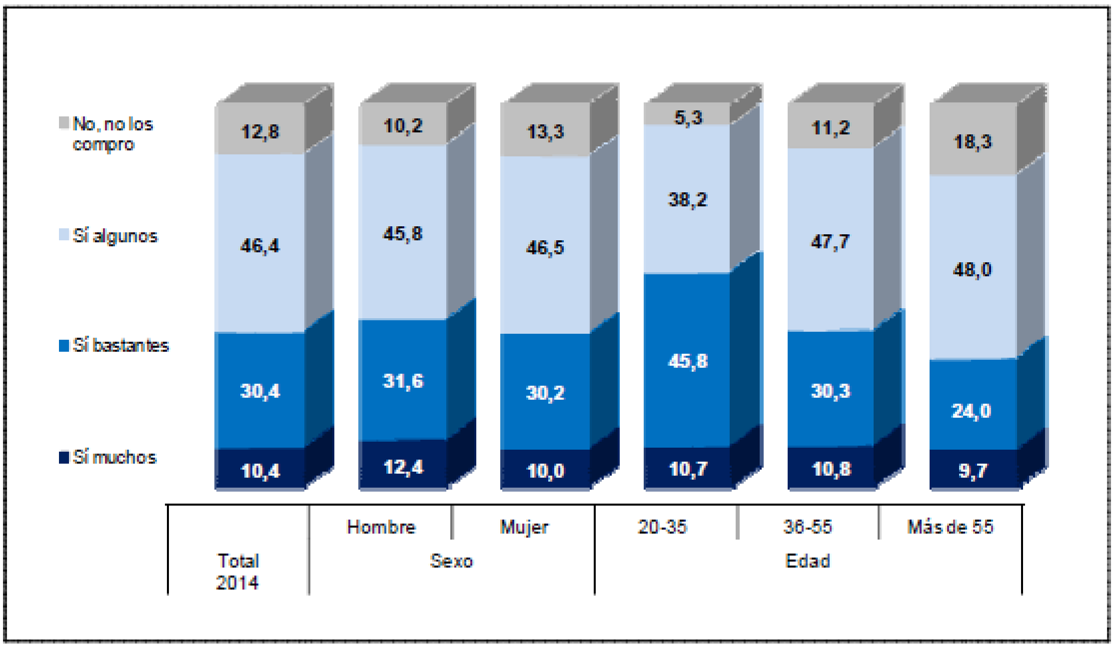


Source: Informe del consumo de la alimentación en España, 2014.

Consumption of the Distributor's Brand (Own Brand).

As it can be seen, graphic 11, a quick view shows the many distributor's Brand purchases, both by women and men and for all ages. So we are going to analyse the totals for the year 2014, we see that 87.2%of the consumers interviewed buy some, several and many products from the distributor, that is to say, own brand products. These products are usually cheaper and they do not exactly stand out for their quality.

Graphic 15. Branded consumer distributor.



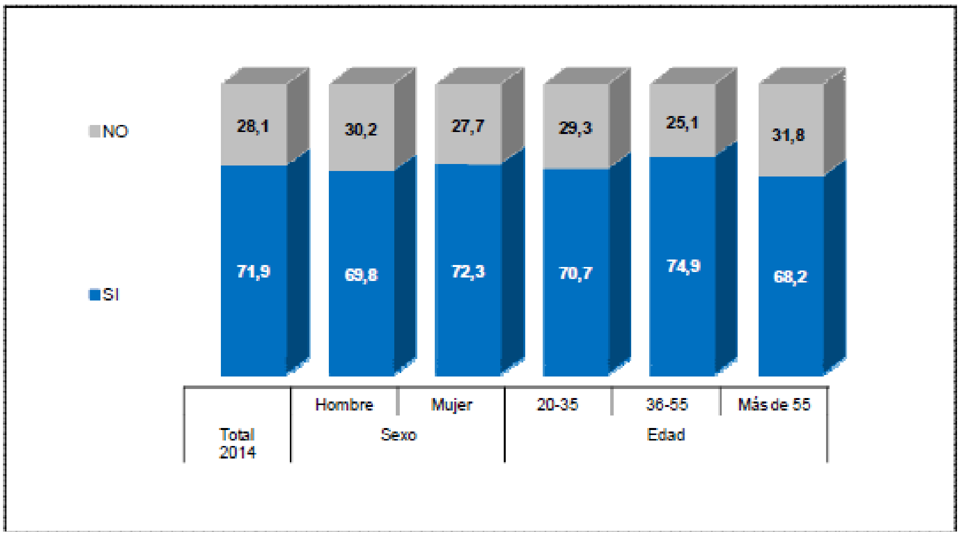
Source: Informe del consumo de la alimentación en España, 2014.

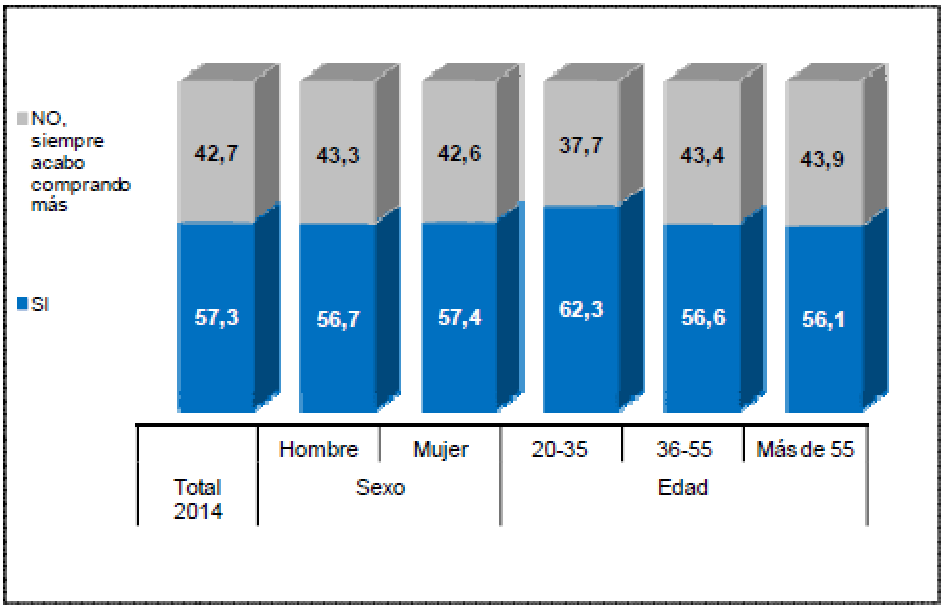
Shopping List

Consumers were also asked if they had a shopping list and if from that list they only bought those products or they also bought others that were not on that list.

As the table below is showing, in general consumers prefer to write a shopping list, however more or less half of the interviewees confirms that not always follows the shopping list and that acquires other items no included on the list.

Graphic 16. Shopping list.



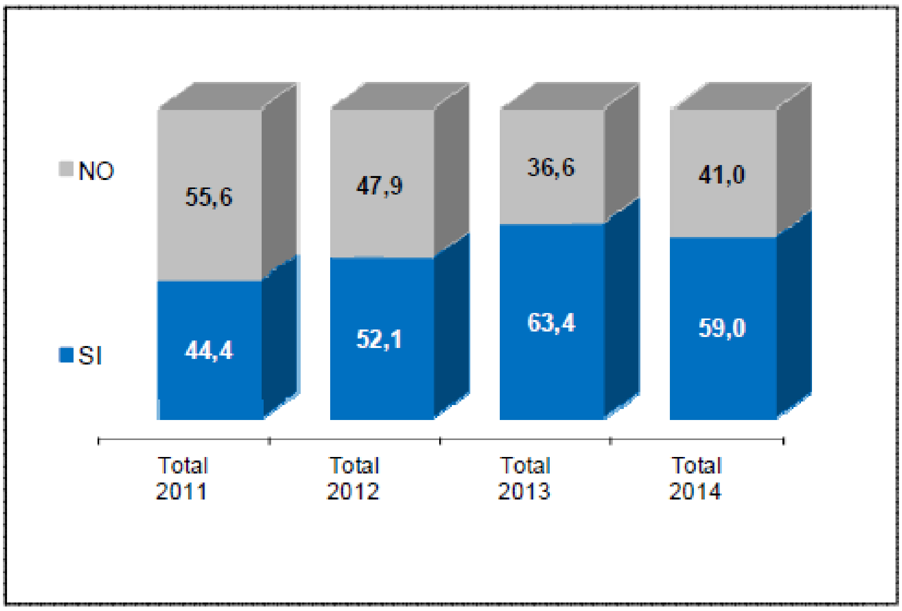


Source: Informe del consumo de la alimentación en España, 2014.

<u>The Crisis.</u>

Lastly, the interviewed consumers were asked if because of the hard crisis taking place in Spain, they had to change their cooking/shopping habits to make most of the products bought. The most frequent answer was yes, and as we can see from the graphic, this answer is affirmative from the year 2012.

Graphic 17. Changes in the kitchen and the buying by the crisis.



Source: Informe del consumo de la alimentación en España, 2014.

- **Spanish Society Consumption Trends.**

As we have read in the *'Informe de Consumo de Alimentación'*, (2014) in this section we are going to talk about the habits of food and drinks shopping and the habits of consumption and shopping.

Food and drinks Habits.

In this section we can point out the consumers of products 'eco' and 'bio',

Although for the moment only 10% of Spanish people consume this type of products, it has to be said that this trend is growing. The profile of this type of consumers tends to be that of young people, using a lot the technology and they belong to the high class. They are a clear example of how the technological revolution and what is natural live together.

Moreover, also to mention the importance that more and more are having the urban orchids, although they are not at the moment any threat to producers nor to distributors. People that grow them tend to look after what they eat and they like to intake products coming from the soil.

Consumption and Shopping Habits.

Every time it is more important for the consumer to buy Spanish products ('marca España'), presently only 26.2% of consumers prefer buying products of 'their country'. The consumer of 'Marca España' has a mature profile, is well off, educated and well informed. To point out in their shopping habits their large social conscience, for rewards o penalises those companies that treat well their workers or to the contrary they are penalised if they do not take good care of their employees. It is worthy to mention that it is possible this tendency has rised due to the crisis, through a protective feeling.

It is also very important to mention the digital scriptures, they are digital natives with buying power, to the latest technology, present in the social networks and revolutionizing the relationship between citizen-consumer-buyer and the brands, these individuals will be the new opinion leaders.

Finally, it is necessary to mention that a lot of Spanish citizens like to do their shopping in an establishment and this to be a full experience.

This type of people demands well acclimated locals plus be exceptionally well treated by part of the workers.

People shopping on the Internet also demand esthetical webs, and the most important, that they are safe. Young digital natives are ready to pay and buy more when their sensorial demands are fulfilling.

4. DIAGNOSIS OF THE SITUATION

4.1 DAFO

The definition of analysis as it is found in the book *"Fundamentos de Marketing Estratégico" (Vallet et al., 2013)*, identifies all those elements influencing an enterprise, both externally and internally. For this the external factors or from outside are called external analysis, this analyses the aspects of the macro-environment. This is divided into two: Opportunities and Threats.

Opportunities: when some favourable factor coming from outside the firm, this one knows to make most of it. Threats: external elements to the firm that can influence it negatively.

On the other hand, we have the internal analysis, which evaluates all those factors inside the company, whether they imply an advantage or a disadvantage with the competitors, in a medium or short term. As the previous one, this analysis is also divided into two parts; the first one is the strengths or strong points, which the characteristics that distinguish the Company front to their competitors. And the weaknesses or weak points are the negative aspects that it has in relation to the competition.

Next, we can see the DAFO elaborated for the firm. We will point out some of the most important aspects both from the internal analysis as well as from the external analysis.

In the first place, we are going to focus on the external analysis of the firm. Firstly, we are going to focus on the opportunities that the firm could take, to point out the rising importance that young customers are having, whom are consumers of green products, also to point out that the fresh fruit is the second food most sold in Spain. In relation to the threats, to highlight the lack in technology that Spain is suffering, for it does not invest on I+D+i and it is very important for the future, moreover there has to be accounted for the change in the shopping habits of citizens because of the crisis, as well as their ways of cooking.

In the second place, to highlight some aspects of the internal analysis, in relation to the main strengths that the firm possesses. These would be, lands ready for exploitation, which already does by producing some organic products, and on the other hand it sells fresh fruit and vegetable (they are bought every morning in Merca Xàtiva) and of quality.

Regarding the weaknesses shown by the firm, there is a strong Price competition within the sector, as there are a lot of greengrocers, and also many supermarkets and other shops offering these products too.

And lastly, another aspect that will affect in the future is the fact that the current customers are between 40-50 years old and third age people, this is an aspect that should be improved by the firm.

STRENGTHS

1. Land ownership.
2. Organic products.
3. Selling fresh products with quality.
4. Distributor cannel level 2 (intermediaries needed)
5. Personalised attention to the client.
6. Using fertilisers friendly with the environment.
7. As part of the substitute products of fruit and vegetables, these are situated in the ranking in the third position.

WEAKNESSES

1.Strong competition in prices within the sector.
2. Clients between 40-50 years and pensioners.
3. To cultivate more organic products.
4. The client has negotiation power about the Price.
5. Weather conditions.
6. Strong negociating power of the providers.
7. Few barriers of entry into the sector.
8. There is no special access to the raw materials.
9. There is not a big difference between the products offered.
10. Initial low inestment.
11. High degree of maturity, slow growth.

OPPORTUNITIES

1. Increases the national demand.
2. Young clientes want to consume organic products.
3. Fresh fruit is the second food most consumed in Spain.
4. From 1993 grants for new technologies fron the Ministry of Agriculture.
5. Increase of exports.
6. Spain second producer country in the E.U.
7. Spain second exporter country.
8. Fruit Attraction Fair
9. Spain the second country with more agricultural products in the E.U.
10. Spain first country with more organic farming land in the E.U.
11. The importance of quality products.
12. Potential clients buy on the internet.
13. Consumers buy distributors brands.
14. Increase of ECO and BIO consumers.
15. Importance for the consumers to buy Spanish products.

THREATS

1. Political uncertainty.
2. Economic crisis.
3. Unemployment in Spains: 4.779.500 unemployed.
4. Spain a country behind in technology.
5. To account for environ-mental laws.
6. Spanish people are loyal to their customary brands.
7. Due to the crisis the shopping and cooking habits have changed.
8. Consumers demand locals and even web pages with good atmosphere to have a good experience, if bad experiencience, they don't return.

5. MARKET SEGMENTATION

Market segmentation is done to allow for customer's identification that have homogenous preferences and to give the segment within which the firm has decided to compete the offer of differentiated marketing that it deserves.

To carry out this analysis, we will do a demographic segmentation, which consists on dividing the market according to several variables such as age, sex, income, education, among others. And a geographical segmentation of the market, characterised by dividing the market in geographical units, for example, states, regions, neighborhoods, etc.

In the first place, we are going to goa head with the geographical segmentation of the fruit and vegetables market. In this case, as we have already pointed out earlier on, the firm Frutas y Verduras Hermanos Medina operates in different towns, such as: Canals, L'Alcúdia de Crespins, Vallada, Mogente and Ayora. In each one of these towns predominates a type of sales and this is what we are going to analyse, for this we are going to show a table where it can be seen the product most sold per town. Bearing in mind that this market Works with seasonal products, it is clear that all through the year it will be possible to encounter all these products, but to a different price. Here in the table we will talk above all about seasonal products.

Table 11. Increased sales by products.

LOCATION	PRODUCT FOR SALE MORE
L'Alcudia de Crespins	Potatoes
Canals	Platanos
Vallada	Watermelons
Mogente	Apricot
Ayora	Orange

Source: own work.

As we can see in the table number 7, and as it has been said before, in each of the towns the selling of a product predominates. This is due mainly to the needs taking place in each one of the towns, for instance, in L'Alcúdia de Crespins, as mentioned above, is a town very much affected by the crisis, for this the product most sold is the potato, this product is very basic and is very economic. In Canals, to the contrary, the product most sold is the banana, this product is not as economic as the previous one, for a kilo of bananas cost more or less 1.70€, but as we have analysed before in relation to the competitors, Canals is a town in which the consumers do not mind to pay a little more for obtaining a good product o for a different product. In Vallada and Mogente, the products that are most sold are seasonal products such as watermelon and apricots. These towns traditionally plant and grow many products, but watermelons and apricots are just some of the products they do not grow. This is why they are two of the items most consumed in these two towns. Finally, in Ayora, as said earlier on, what is most sold are citrus and especially oranges, for they are not grown there due to the climate there.

In second place, within the demographic segmentation, we are going to focus on five key variables.

- Age and life cycle: we can say that the main customers of Frutas y Verduras Hermanos Medina are people between 30 and 50 years old. To point out that consumers preferences change with age, so they have to be listened to and to adapt to their needs. For instance, they do not buy nor the same products nor the same quality of items, a 30 years old person that Works and there are several members in the residence, that does a person of 70 years of age, that lives alone and gets a poor pension. For they do not need the same, the firm has to adapt, in this case, for example, the business offers a home service for those people that cannot carry all the shopping.

- Vital Phase: this refers to the main preoccupations of people, if they are married, divorced, looking after their parents whom are very old, deciding living with a partner, etc. All of this affects the way the consumers shop, for example, in this fruit and vegetables sector, it is not bought the same for one person than for more, there are many consumers that has already said do not want to buy for example an entire cauliflower, for they live alone and it is very large, or they do not want to take a whole watermelon. Thus again the business adapts itself to the individual needs of each client, offering in this case half portions.

- Genre: in this sector the main buyers of the products are women, for 'normally' they are the ones that are in charge of the household. Traditionally the town markets (whether be weekly markets or municipal markets open every day) open in the mornings, so it is women the ones that do the shopping. Currently the main shoppers of the firm are women, even though the final consumers are both women and men. There is always the exception to the rule, but normally men that go to buy fruit and vegetables are old aged people with a pension, or men that are unemployed.

- Rent: this is another of the key variables, having a direct influence in the consumption of the customers, it is not the same being at work that being unemployed. People that are working, normally do not ask for the Price of the products, but buy whatever they do need and also other items that are not so essential. To the contrary, the unemployed consumers take very much into account the cost of the kilo for each item, and if they can bargain they do it. To point out after having done these two comparisons, that almost all unemployed people does the shopping at the last hour, when there are a few products left and they know that in this case FYVHM will give them a 'special' price.

- Generation: generation is another variable to have very present, for each one of those are influenced by the stages in which their vital development takes place. For instance, and more and more, there are more young people that prefer to consume organic products, this to people of 50 or more is almost indifferent. The business FYVHM offers some organic products, but not yet a lot, for their main clients are people that are not much interested about this issue. Later on we will talk about this topic, and about the actions that the business will have to carry out in the future.

6. MARKETING OBJECTIVES

For the strategic objectives to be effective must answer to the following variables:

- Measurable: it is about establishing indicators to evaluate up to what degree the objectives are being achieved.
- Specific: to explain clearly which are the objectives that the firm has to carry out.
- Fixed in time: to establish a certain time period to achieve the objectives.
- Appropriate to the mission and vision: the defined objectives will be coherent with the mission and the vision of the firm.
- Successive: no to over burden too much the objectives to be achieved, but to be achieved one by one.
- Realistic: the objectives to be reachable according to the firm's resources and having in mind the external conditions too.
- Challenging: the objectives must awaken the need to improve within the firm.

The objectives proposed for the business to improve in the future are:

1) Carry on selling to a good price the best fruit and vegetables to the clients. No to raise the prices of the products more than 10% within the next 6 years, until the citizens recover fully from the crisis.
2) To increase the organic products that currently the firm offers to the market. So at the same time that these products rise, it will increase the interest of young people, for these people are more concerned with the natural environment. To rise the presence of organic products by 30% within 2 years, and increasing it each year
3) For at least a 10%.
4) To increase the selling points. To open two new selling points by next year. And if in the first year of its starting date we see that the sales are good and the initial investment is recouped each month by 9%, it would be possible to open other shops long-term.
5) To visit Fruit Attraction Fair, that takes place in Madrid from October 5 to 7, to be able to learn about new products, as much as new ideas. This year the firma has to be present in this Fair and to extend its products by at least a 5%, adding products that the clients might not know but might be attracted to them.
6) To build customer loyalty, for this the firm must adapt even more so to the needs of the consumers. This an objective that the business has to fulfill up to next year and then to maintain it or to increase it. The firm will have as objective in all the markets in which operates to increase its client portfolio by 20%.

Next, we have developed a table in which we can see in a visual way which is the provisional horizon that we have thought for each one of the objectives, as well as the nature of these, that can be strategic or financial.

OBJECTIVES	TEMPORAL HORIZON	NATURE
1) Sale of goods	Short term	Strategic
2) Organic products	Long term	Strategic
3) Points of sale	Long term	Financial
4) Social networks	Short term	Strategic
5) Fair Fruit Attraction	Short term	Strategic /Financial
6) Customer loyalty	Short term	Strategic

In objective number 1, '*carry on selling to a good Price the best fruit and vegetables to the clients'*, we have established a short period to take it ahead because the firm currently is already selling this class of products, it is its strategy, to sell products of quality to a good Price and give an individual service to it consumers.

Regarding objective2, *'to increase the organic products that currently the firm offers to the market. In a way that at the same time that these products increase, the interest of the young people will increase, as they are more committed with the natural environment'*. This is a foreseen objective that the firm might reach in a long process. Frutas y Verduras Hermanos Medina could goa head with planting tomatoes, lettuces, onions, potatoes, pumpkins, aubergines, totally organic, they could start with these foods for the climate in the Valencia province is the correct one for these products to grow. Regarding its nature, we have determined this objective as strategic, as if the firm achieves increasing its products and sales of items organic, this will become part of its strategy.

Objective number 3, '*to increase the points of sales'*, this objective is set for a long term, for increasing the points of sales requires in the first place a financial investment, this would mean buying a new means of transport and other dynamic shop (except if the town chosen had a municipal market). The firm will have as objective for the next year to open two new sites, in Alzira and Xàtiva. We have chosen these two cities at first as they are close to the loading place (Merca Xàtiva) and because they are near to the central office located in L'Alcúdia de Crespins, besides their markets being strong enough, we refer to a strong market for the people that go to the municipal markets for shopping. In two years' time it could be considered to open another site in Onteniente town, for this town has also got many inhabitants, and it is near to the points of reference. For this the objective is financial.

Regarding objective number 4, *'The firm must introduce itself to the world of the social networks, it has already created a Facebook, Instagram Twitter, a Blog, etc. For having a presence in the digital world*'. The business Frutas y Verduras Hermanos Medina, has to create its own profile within the different social networks to be able to show itself to the younger clientele, or even to those people that work and do not have time to go to the market for their weekly shopping. The firm (that already does this) can take orders and deliver them to the home of the customer. It is also a tool for keeping a daily contact with the customers, to inform them about offers or new products, and also to be able to advise on food or prescriptions of seasonal products. And the most important is to have a way of measuring customers trust with the firm. The business should create a Facebook to keep in contact with the younger customers and to upload information about the organization, in relation to promotions, for example and then it could be created a Blog for giving advice on food and to write recipes of seasonal products to give some ideas to our readers and consumers, as we have already mentioned. For this is a strategic objective, for it would improve the strategy of the organization.

Objective 5*, 'To visit the Fruit Attraction Fair, to take place October 5 to 7 in Madrid, to get to know new products, as well as new ideas'*. It is a short-term objective, for this fair takes place this October, for three days 5-6-7. It is a good opportunity for the firm for knowing new products, also to see new ideas for the business, plus to relate with other business people and providers in the sector. This is a strategic objective, for it could improve the strategy of the business by offering different products, as well as a financial product, for it involves certain expenses going to Madrid those three days.

Finally, objective 6*, 'To obtain customer loyalty, for this the firm must adapt itself even more to the needs of the consumers'*. Customer loyalty is very important, for if the customers are satisfied with the treatment the firm gives them, this will result in them to prefer our business rather than the one from our competitors. To do this it is very important to listen to them and to know what they are asking from us, what they need, thus we consider that objective 4 it is very close to this one, for through the social networks the firm can manifest its concern about our consumers.

On the other hand, another way to obtain customer loyalty is by offering them a personalised deal, as it has been said; responding to the orders that potential clients could ask for and taking to them to their homes their shopping, both for elderly people and for those people at work that cannot go to the market to do the shopping. We consider this a short-term objective and it is strategic, for it would reinforce the strategy of the firm.

7. MARKETING STRATEGIES

As we had read in the book *"Fundamentos de marketing estratégico"* (Vallet et al., 2013), once this point has been reached, and after having identify market and competitors, the firm has to establish marketing strategies to allow it to increase its competitiveness advantage, offering to the client more value than the rest of its competitors. For this, we are dividing this point into different strategies to be analysed.

1) The first one is the growth strategy:

To be able to analyse the growth strategy we are going to focus on the Ansoff's matrix (1965). What this matrix does is to look for the relationship between the current situation and the new developments in reference to products and markets.

Table 12. Ansoff's Matrix.

Fuente: Ansoff (1976)

		PRODUCTOS	
		Tradicionales	Nuevos
MERCADOS	Tradicionales	**PENETRACIÓN EN EL MERCADO**	**DESARROLLO DE PRODUCTOS**
	Nuevos	**DESARROLLO DE MERCADOS**	**DIVERSIFICACIÓN**

Source: Ansoff, data: slide ítem 1, design of growth strategies.

This matrix has two large groups, the markets and the products; besides establishing if they are new or traditional. Thus, the fruit and vegetables market is a traditional market as are their products, for this the best strategy to display to allow for growth is the strategy of market penetration. This strategy has the objective of increasing the volumes of sales, to achieve those we can:

- To increase the marketing share: to increase the marketing activities, to increase the advertising of our business and to know how to communicate better towards the clients. The firm could promote itself in different localities through billboards at football grounds, or as it is already done in some towns through the local festivities book.

- To increase the frequency of use: this means that our consumers have to be reminded about the use of the product. As fruit and vegetables are products that are consumed daily, what we can do for the clients to buy our products and not those of the competition, it is in the first place to show them in what we are different (quality and personalised service) and also through the social networks we could remind the customers about the benefits that the products have.

- To propose new applications: the firm can investigate and inform its clients of the different applications of the products. For instance, onions can be used to make a syrup for the cough, to fight insomnia, to strengthen the hair, to alleviate aches of the joints, helping to improve bronquitis, etc. Of all these new applications it is possible to inform our customers through the social networks.
- To increase the levels of consumption per event: this is about convincing the people to consume a bigger quantity for a specific event. For instance: to convince the clients to buy some more grapes on the days near the festivity of new year's eve, in case they do not have enough and they are left without grapes or in case its price goes up. Another example would be to convince the clients to buy a watermelon in the summer because they are very good, they refresh and are economic.

- To search and attract new users: this is about attracting new users or clients from the competition. As we have said previously, we have proposed to the firm to increase the selling of organic products that they themselves grow to attract to the younger consumers, as well as to introduce the firm to the social networks to stay in contact with its users and inform them of the promotions and services that the firm offers.

2) Competitive Strategy:

This type of strategies expresses the option that the firm has taken according to its market standing. According Miles and Snow (1978), the market has itself four competitive strategies: it is normal to have a firm that is the leader within the sector, several challenging firms, firms that follow and other firms that focus on small groups within the market, the so called niche markets strategies.

- Leader strategy: The leader firms are the ones that set the pace within the sector, in relation to products, prices, distribution and communication.

- Challenger Strategy: the challenging firms can be of two types, those that carry out an expansion of the market share o those that defend the market share. The first ones behave in a violent manner to face the leader and other firms of the same size; it has to be said that sometimes they even attack smaller firms. Once the firm has got a clear mind as to how to attack, there are different types of attack: frontal, side attacks, bypass, surrounding and guerrilla attack.

- Follower Strategy: these organizations prefer to follow the leader, and for this it occupies an inferior position to that of the leader. The follower firms must have their own strategy and to try maintaining their own current market share, moreover they have to offer to the market a type of advantage regarding their own competitors, for this they have to keep low prices and a better quality. As part of this strategy there are four sub-strategies for the follower companies: falsification strategy, cloning strategy, imitation strategy, or adaptation strategy.

- Market niches strategy: this refers to the firms that have focused upon a segment of the market where the leader firm has not shown any interest on the sector. The firms that work within this type of segments offers its clients a product with a lot of value for them, for the organization knows them well and offers them what they do need. Thus, their success is due to their specialization, this specialization can be: specialists in end consumers, at a vertical level, in clients of a determined size, in specific clients, in geographical areas, in a line of products, in a unique attribute of the product, in on demand products, in quality/Price, in services or specialists in the cannel.

After having done all this analysis for the different strategies that exist in the market. We have to assign one for the Frutas and Verduras Hermanos Medina business. We can determine that the firm of the FYVHM follows a strategy of niches specialist, for thanks to its listening to the needs of the consumers it offers to them a product of bigger value that the one offered by the competition. The success of a firm that is focused on a market niches strategy is due to its specialization, for as we have already mentioned before there are many variables in which to specialise.

FYVHM business is specialist in quality/price, for as we have mentioned on some occasion, it offers quality products to a good Price, and they are also specialists in services, for they do have a home delivery service. This is one of the services that they perform and the competition does not, they do attend to orders too.

As for a future objective, the firm FYVHM has to turn specialist in final consumers, this is to cater for a consumer with specific characteristics, in this case it would be to address the young people through organic products (for these people are more committed to the natural environment).

3) <u>Competitive advantage strategy:</u>

The general strategy of a company is all those actions that the organization carries out to obtain a competitive advantage in relation to its competitors. The competitive advantage is the brand or the products that the firm offers to its consumers and those are superior to those offered by the competitors. This competitive advantage can be: Price leadership, differentiation, or specialization. Frutas y Verduras Hermanos Medina Company centres its competitiveness advantage in the differentiation, for the products that are traded are perceived by the consumers as special products. There are several ways of differentiating the offer of the firms, the ones used by FYVHM are: services, the firm offers to its clients an excellent service which is not necessarily linked to the selling of the main products, the firm caters for the needs of each of its consumers, so these are happy and do not mind to pay some more to see their needs covered. The image could be another of its strengths, for it is not the same for the consumers to buy from Frutas y Verduras Hermanos Medina, that to shop in Sami greengrocers. Our firm is associated to good products and excellent rapport. Thus, the quality would also be part of the competitive advantage of the firm.

4) <u>Segmentation Strategy:</u>

As we have already seen in the section of market segmentation (point 5 of this very same report), the business offers many products that reach the different types of consumers, although these consumers currently are between 30 years old and pensioners, not all these users have the same buying power, as we have observed in the analysis of the segmentation in each one of the towns predominates an item, depending on the circumstances of each one of the consumers. Thus, we can conclude that the firm reaches a variety of consumers with different products.

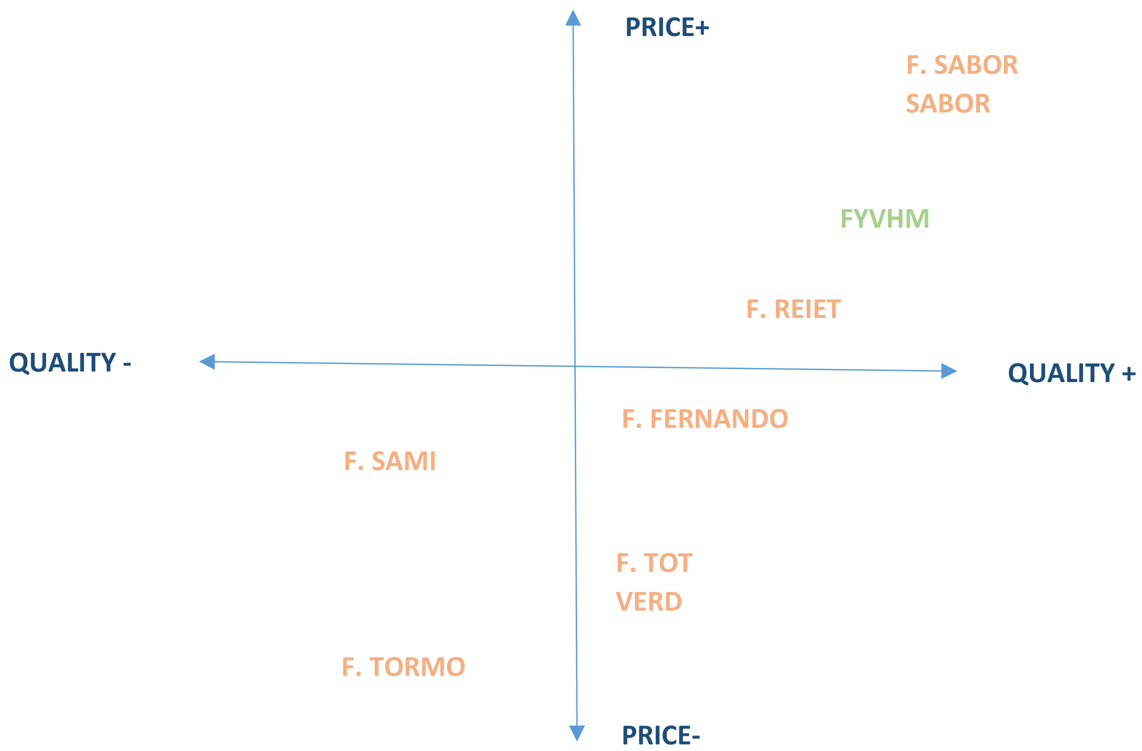
5) Positioning Strategy:

This strategy is established after having identify the market segmentation.

Positioning refers to the image that a product has in the minds of the consumers. The positioning strategy is: “the action of designing the offer and the image of a firm/product or Brand in a way that occupies a distinctive place in the minds of the consumers”, (Kotler et al., 2000).

To the effect of carrying out a more profound analysis of the positioning that nowdays the firm Frutas y Verduras Hermanos Medina has, we have created the following positioning map.

Figure 11. Positioning map.



Source: own work.

To point out that the firm competes in different towns with different other firms. In this positioning map we have done a recompilation of the total of the main competitors to the firm. As we can see on the map of positioning, this map consists of two variables, price and quality. The firm Frutas y Verduras Hermanos Medina offers products of quality to a fair Price. So we have detailed this map after asking to some of our consumers (50 people) which was the firm’s vision taking into account the other offers of the market.

8. MARKETING ACTIONS

For this section we have created a table to which we have added a series of actions to carry out the objectives established previously. In this table, we will find the objectives, the actions that will be executed in order to obtain these objectives, the financial means or the time addressed to each item, the indicators to know if the objectives have been achieved, the goals intended to achieve, the responsible personnel assigned to make sure that the objectives are carried out and finally the beginning and the end (if there is one) of the actions that are set. Now, we can read the actions that we have raised.

1) Selling of Products. The actions to be carried out for this objective to be accomplished are to continue buying at Merca Xàtiva, the place where the firm provides itself, here are located all the providers.
   To this action €6.000 will destined weekly, for making it possible to acquire all the merchandise needed for each one of the towns where the firm has a point of business. To know if the objective has been accomplished, once a month a poll will be passed unto the clients of the towns to see if the firm keeps offering products of quality. The goal to reach is to increase by 10% the sales in the first year, after this first year it must keep increasing or maintained. The individuals to become responsible for the achievement of this objective are Manolo Medina and Emilio Medina; regarding the clients' accounts their daughters Lorena and Alba, will be the ones responsible. Finally, this action will start in June 2016 and the end will be disrupted, for it is an objective that is part of the firm's strategy.

2) Organic Products. Currently the Frutas y Verduras Brothers Medina firm is planting melons and watermelons for the summer season. We have posed to the firm to offer more organic products, and for this sweet potatoes will be planted in the month of June. For this item 2.000€ will be allocated to be able to buy the seeds, fertilizers plus the irrigation of the plants. To see and check if the plantation is working well, it will require to visit every day the field to see the evolution of the crops. The goal to be achieved is to sell all the sweet potatoes picked up for the summer's campaign. The main people responsible for making sure that this objective is obtained will be the Medina Brothers. The month of June will be the month to start and to finish the application of this job.

3) Selling Points. We have proposed to the firm to open two new stalls in the towns of Alzira and Xàtiva, to be able to develop this objective the best possible way, a study of the competition will have to be made to be able to open the best site. To this activity €1.000 monthly will be allocated, to pay the electricity, the water, the rent and the purchasing of the weekly products. To see if the Project is viable or not, every month a profits-costs analysis will be carried out, if the profits are higher we will have achieved the objective, but we will also establish as goal to be able to recoup the original investment in no more than 6 months. For this objective to be achieved, all the members of the firm must cooperate, the Medina Brothers as much as their daughters. The beginning of this action will be January 2017 and its ending, if the actions are going ahead, will be uninterrupted, but if the shops turn out to be a failure they will be closed down immediately.

4) Social Networks. To create a profile on the social networks, such as: Facebook, Instagram and Twitter, to be able to be in closer contact with the clients. The means that will be allocated to make possible reaching this objective are not financial, it is only needed a computer and to dedicate time to use these social networks. In relation to the indicators to be established to know if the objective is being achieved, it will be to observe the followers that the firm will be acquiring. As goal, we have pose to the firm to obtain at least 300 new followers each week. The person in charge for this to turn out ok will be Lorena Medina. The beginning of this proposal is June 2016 and the end uninterrupted.

5) Fruit Attraction Fair. The action to do as to accomplish this objective will be to visit this Fair. It will take place in Madrid, and the purpose of the visit is to get to know new products and suppliers. 700€ will be allocated for the daughters to be able to assist to the fair. As control indicator the train tickets will have to be shown as prove that the event was visited. The established goal is to introduce at least a new product plus a new supplier. The people that will go to the fair are Lorena Medina an Alba Medina. The beginning of this action will be between October 5 and 7.

6) Making Client Loyalty. The proposed action is to listen to the clients and to adapt to the needs that each one might present. For this objective to be accomplished there is no need to allocate any money, for the only needed thing is to give attention to the client. As indicators of control, we can follow the monthly sales that are taking place by towns, to control if they increase, diminish or remain the same. There will also be a questionnaire to find out the degree of loyalty of each one of the clients. The goal to be reached is to increase client loyalty in all towns by 70%. This action will be carried out by the Medina Brothers, offering as we have already said on different occasions, products and specialised services. The beginning of this action must be right away and there is no end, for this must be done in a continuous way.

Table 13. Action plan fruits and vegetables brothers Medina.

ACTION PLAN						
WHAT	HOW				WHO	WHEN
OBJECTIVES	ACTIONS	RESOURCES	INDICATORS	GOALS	RESPONSIBLE	TIMING (START/END)
1) Selling of products	Carry on shopping at Merca Xàtiva.	6.000€ will be allocated for this action.	To know if this objective has been achieved, there will be a monthly survey to the customers in each town.	To increase the sales by 10% within the first year, after this year to increase or maintain the sales.	Manolo Medina y Emilio Medina will execute these actions. Lorena and Alba, the daughters will get the accounts.	This measure will start June 2016 (although it is already in effect). End: uninterrupted, for it is an annual objective for the firm to maintain year after year, or it improve it.
2) Organic products.	Initiate the planting of sweet potatoes as it is the season for it, June.	2.000€ will be allocated to buy seeds, fertilisers, plus irrigation costs.	To control the plantations, it is needed to go to the fields every day, and see their evolution.	To sale 100% of the products grown this summer.	Manolo Medina y Emilio Medina will execute this.	Beginning of this measure: early June. End: in June, for it is the last month for planting this product.
3) Trading Points.	To open two shops in Alzira and Xàtiva. To visit them to look for the best local point.	1000€ monthly minimum will be needed to do this activity, to pay for the electricity, water, plus the weekly purchase of fruit and vegetables.	To see the viability of this Project, there will be a simple analysis of profits and costs. If the profits are higher, the objective would have been achieved.	The goal for this objective is to be able to recoup the investment in less than 6 months.	The agents for this action will be all members of the firm, both the founding members and their daughters.	Beginning: January 2017 End: if al lis well uninterrupted, it will only end if the opening of the shops is a failure.

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4) Social networks	To create a Facebook, Instagram and Twitter.	For this action only a computer is needed, plus a person to manage the networks.	To see if the firm is doing ok, we will see the followers that the firm might be acquiring.	To obtain at least 300 new followers every month.	Lorena Medina would be the person in charge of this action.	Beginning: June 2016. End: uninterrupted for the social nets have to be active.
5) Fruit Attraction Fair	To attend the October Madrid Fruit Attraction Fair.	700€ would be allocated for the two brothers to go to Madrid for three days.	Train tickets will be asked for to verify the assistance.	Having been to the Fair, and to introduce a new product, plus a new provider.	All the four members will be the agents for this action and investigation.	Beginning: 5 October 2016 End: 7 October2016.
6) Customer loyalty	To listen to the clients and to adapt to the needs of each one of them.	To obtain this objective no money is needed.	We will check the monthly sales per each town, to see if they are maintained, increased or diminished. Also to have a customer survey to see their degree of loyalty.	To obtain in all towns an increase of 70% in client loyalty.	This action will be carried out by the Brothers Medina, for this specialised products would be offered.	Beginning: this process has to be done immediately. End: this action is to be carried out in a continuous manner.

Source: own work.

9. TIME SCHEDULE AND BUDGET

In this section we will be able to see the calendar that we have designed with the dates in which the firm has to initiate the action to be able to reach the objective, the time that this objective will have along the year, and also to its end, if there is one, for all objectives except one are going to be kept along the years.

On the other hand, we can also see in a more visual way the Budget that has been established to carry out the actions.

Table 14. Time Schedule and budget.

ACTION DESCRIPTION	BUBGET	JUNE	JULY	AUGUST	SEP	OCT	NOV	DEC	JAN17	feb-17	REST OF THE YEAR
1. Selling productos	6.000€										
2. Ecological products	2.000€										
3. Ponits of sales	1.000 €										
4. Social networks	-										
5. Fruits Attraction	700 €										
6. Customer Coalty	-										
	9.700€										

START

FINISH

- NO ADDITIONAL COST

MAINTENANCE

Source: own work.

10. CONTROL OF RESULTS

To end, we have to perform monitoring actions, that is to say, we have to control if the actions that we have established in the section number 8 are being achieved, and for this we have designed a table in which we can see in a visual way, the actions that we have posed earlier on, how and how much time we are going to control these actions. In section 8, we have already mentioned in the table some of the ways to be able to control the actions to be carried out. In this section, we will take it into account, plus posing other new controls.

Table 15. Control of results.

OBJECTIVES AND MARKETING ACTIONS	MONITORING DATA	PERIODICITY
1. Selling productos	Evolution of bills for municipalities and customer surveys.	Monthly
2. Ecological products	Evolution of sales invoices of organic products and go to the field to see the evolution of the plantation	Monthly Everyday
3. Ponits of sales	Less cost benefit analysis and evolutions of bills.	Monthly
4. Social networks	Number of followers, see if they increase or decrease.	Weekly
5. Fruits Attraction	Train tickets and other, and also a small summary of what has been.	October 7 when the fair ends
6. Customer Coalty	Sales in the different municipalities (increase or decrease) and customer surveys to see their degree of loyalty.	Monthly

Source: own work.

11. INDEX OF GRAPHICS, FIGURES AND TABLES.

- **FIGURE**

- **GRAPHIC**

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- **TABLE**

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