



**UNIVERSITAT
JAUME·I**

MARKETING PLAN OF



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1. EXECUTIVE SUMMARY

Hortalizas Pascual Berga is a company dedicated to the wholesale of fruit and vegetables located in Benicarló, Castellón. Its main business focuses on selling its products to companies located in the most important central markets in the country. This organisation has extensive experience, and has always been characterised by its great social responsibility towards the environment and society. Year after year, the company continues to grow and to become more and more important and well-known in the agricultural sector.

The company is best known for two products: curly endive and artichoke. The company is the leader in sales of curly endive in the whole Baix Maestrat region and is also well known for marketing the Benicarló Denomination of Origin Artichoke. The stages of the distribution channel it operates are producers and wholesalers at source.

One of the main opportunities observed in the market is the growing demand for organic products. It is therefore proposed to create a line of organic products to be sold wholesale in central markets. The company can use its knowledge, experience and structure to enter this new market. With this, it is strongly committed to sponsorship with the Club Baloncesto Benicarló, where its first team plays all over Spain, a good opportunity to make the brand known, especially in the south of the country where Hortalizas Pascual Berga does not have a presence.

The company is also proposing technological digitalisation in its structure, with the aim of reducing costs and increasing sales. Some examples of these are online sales, a website and social networks, the creation of an app for smartphones, as well as digital tools for the operation of the warehouse.

The objectives described in the marketing plan are aimed at increasing the number of customers, both nationally and internationally, thus increasing sales and profit potential. It also focuses on gaining customers and sales of the new organic product line. Finally, the budget for the proposals made has been established, as well as a timetable and a control plan to achieve all the objectives described.

2. SITUATION ANALYSIS

2.1. INTERNAL ANALYSIS

2.1.1. PRESENTATION OF THE COMPANY

Hortalizas Pascual Berga SL is a company in the agricultural sector created in 1996 by José Pascual Berga Añó in Benicarló, Castellón. Its main activity is the production, handling, preservation and wholesale distribution of agricultural products throughout Spain. Within the value chain (see figure 1), the company is part of the first two phases: production and marketing at source. It is considered one of the most important and recognised companies in its sector in the Baix Maestrat region.

Figure 1. Distribution channel for the agricultural sector



Source: Own elaboration

In its beginnings, Hortalizas Pascual Berga was dedicated solely to agricultural work in the fields. At that time, the company had only 4 workers and barely 20 day labourers. The turning point came in 2006 when they decided to move forward and start marketing their own products in Catalonia. That is why the company acquired a warehouse to be able to handle and preserve the products until they were sold, growing year after year both in turnover and in human capital.

The Pascual Berga brand continues to expand and gain fame throughout the country and begins to distribute its products in other parts of Spain: Madrid, Castile and Leon, the Basque Country, Aragon, etc. They acquire, for the first time, the first trailer truck with which they can distribute their products without having to subcontract externally to other companies. Pascual Berga, manager and founder of the organisation, realises the limited space and infrastructure they had in the warehouse in which they were operating and, therefore, decides to take a step forward in 2018 and acquire a large warehouse (over 5000 square metres) in the El Collet Industrial Estate in Benicarló where he can continue to grow and improve the working conditions of his company (Figure 2).

Figure 2. Main Warehouse



Source: Hortalizas Pascual Berga (2018)

Currently, the company has more than 140 workers and more than 30 employees. Seventy percent of the vegetables marketed are produced by the company itself and the rest are bought from other farmers in the area. As mentioned above, this company is a wholesaler at source, i.e. it sells and distributes its produce almost entirely to other wholesalers (considered destination wholesalers) operating in the most important markets in Spain (Mercamadrid, Mercaolid, Mercabarna, etc.). In addition, 50% of the company's distribution is its own, while the other 50% is subcontracted to external transport companies.

To conclude the presentation of the company, it is important to emphasise the great social responsibility of the organisation. First of all, the company is very conscious of the integration of people; a clear example of this is the presence of 6 different nationalities in the human resources staff (Spanish, Romanian, Moroccan, Colombian, Venezuelan and Ukrainian). In addition, and in a sector where there is little presence of women, the company is strongly committed to integrating women in the workforce (12 women are currently working in the company), thus reinforcing the commitment to the integration of people of different sexes, nationalities, ages, etc.

2.1.2. MISSION

Hortalizas Pascual Berga's mission has a clear message: "To offer a wide variety of quality vegetables to all the country's markets so that everyone can enjoy the produce from our area".

With this, and in the words of its manager José Pascual Berga Añó, what they want to achieve with this mission is that the produce grown in the northern area of the province of Castellón (which they say is one of the best areas in Spain in terms of agriculture) will be consumed throughout the country and, above all, they want to place special emphasis on the Benicarló Denomination of Origin Artichoke, where the company specialises and they hope that consumption of this vegetable will continue to grow exponentially both nationally and internationally.

2.1.3. VISION

The company's vision is as follows: "To be the leading company in the agricultural sector in the area by promoting healthy and quality food among people".

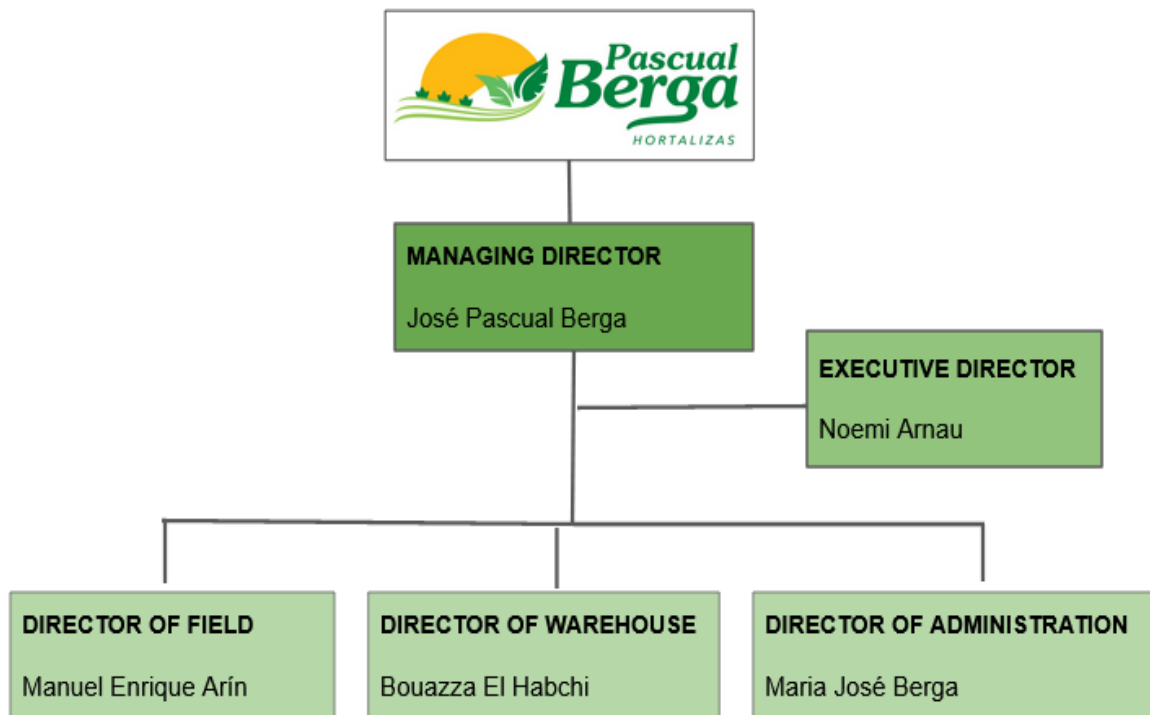
As mentioned above, Hortalizas Pascual Berga is a company with many values and great social responsibility. Therefore, it wants to show a vision that ratifies these values through healthy and quality food among citizens who are increasingly aware of the importance of having a good diet.

2.1.4. COMPANY RESOURCES

2.1.4.1. Human Resources

Hortalizas Pascual Berga currently employs around 30 people. The company is organised as follows: Pascual Berga, founder and general manager of the company, is at the top of the organisation chart and performs the management functions and makes the most important decisions. This is followed by Noemi Arnau, who carries out the executive functions and administrative decisions. Next, there is a person in charge of supervising the activities in the field (Quique Arín) and a person in charge of managing the warehouse (Bouazza El Habchi). Finally, there is the person in charge of the company's offices and administrative tasks (María José Berga).

Figure 3. Organization chart Hortalizas Pascual Berga

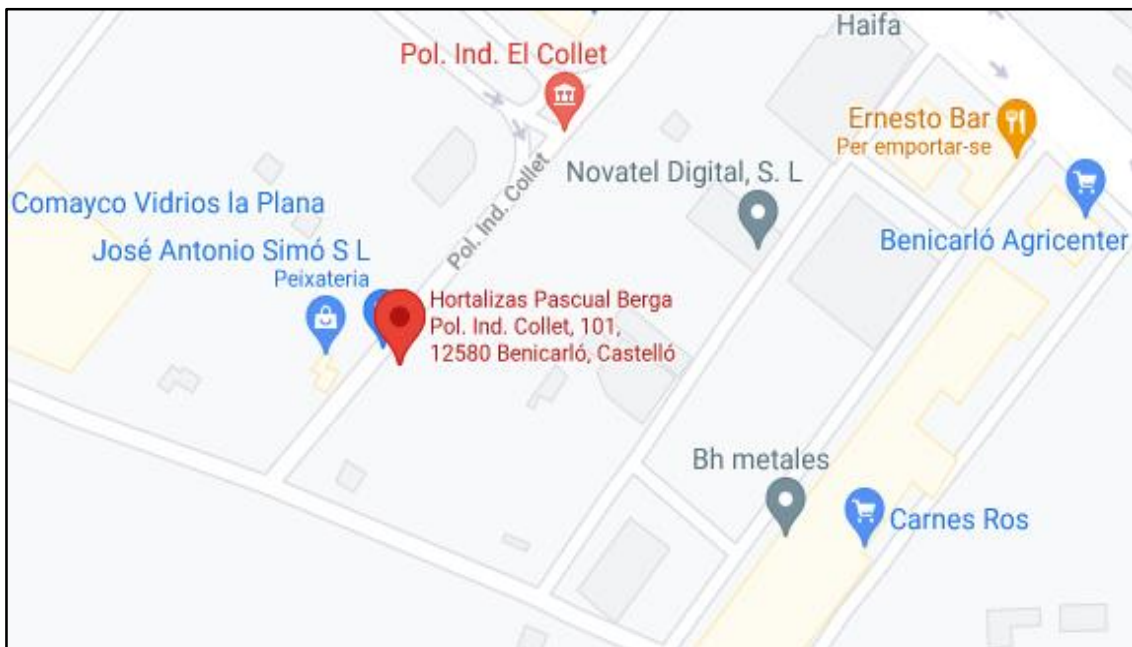


Source: Own elaboration from Hortalizas Pascual Berga (2021)

2.1.4.2. Tangible Resources

The most important physical asset that Hortalizas Pascual Berga has is the warehouse acquired in 2018 located in the El Collet Industrial Estate (No. 101) in Benicarló. This warehouse, which has 5200 square metres, has a privileged location, as it is very close to the N-340 and with easy access for any trailer that comes to load pallets of produce for distribution to the country's markets.

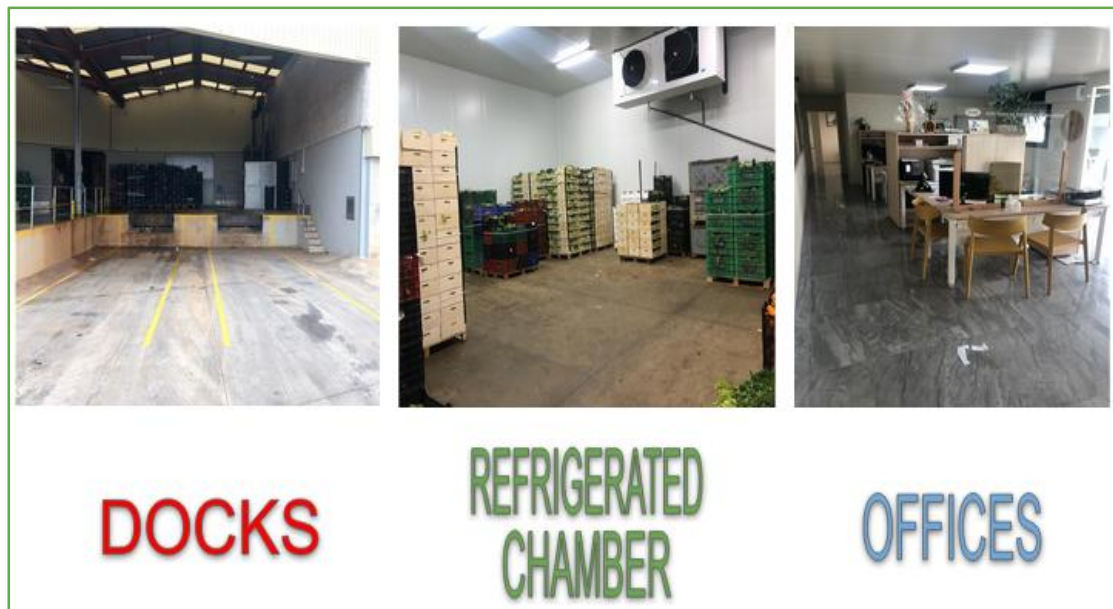
Figure 4. Location



Source: Google Maps

On the other hand, this warehouse is very well equipped to carry out the company's business activities, as it has large chambers to preserve the fruit and vegetables, as well as 6 docks for loading and unloading the products for the trucks and it also has the company's administration offices (figure 5):

Figure 5. Some infrastructures of Hortalizas Pascual Berga



Source: Own elaboration

In addition, the company has various transport equipment such as 2 trailer trucks, 4 medium-duty trucks, 4 vans, as well as 5 tractors for agricultural work in the field.

Figure 6. Trucks



Source: Hortalizas Pascual Berga (2018)

Finally, it also has all kinds of machinery to carry out activities both in the warehouse (forklifts, pallet trucks, etc.) and in the field (vats, rotavators, trailers, etc.).

2.1.4.3. Financial Resources

Table 1 shows some of the company's financial data. In 2019, the company had an operating income of more than €2,500,000 and assets of almost €1,500,000. If we go back to 2014, the company had an operating income of approximately €1,350,000 and the asset value was at €450,000, so the difference in these 5 years has been very notable, thus ratifying the great growth that this company has had in recent years. It is also true that, in order to grow, the financial debts have increased considerably.

Table 1. Financial data

Year	Operating revenue	Total assets	Financial debt
2014	1.335.014	451.660	21.853
2015	1.921.622	456.424	8.463
2016	2.071.655	545.340	9.235
2017	1.799.835	1.140.132	30.200
2018	2.036.916	1.377.888	202.480
2019	2.561.204	1.484.171	209.969

Fuente: SABI (2021)

2.1.4.4. Marketing Resources

Product

The products offered by the company are seasonal, that is to say, they depend on the time of year, as they operate through campaigns or seasons. For example, curly endive, one of Hortalizas Pascual Berga's specialities, is marketed from October to March because this is when the farmers grow this vegetable in the fields. This is why the company only sells fresh, seasonal products.

To understand the type of product according to the different classifications, it should be remembered that the company, being a wholesaler, never sells to the final consumer, but rather to its clients are other organisations.

However, by making a classification according to the characteristics of the final consumers, it can be said that the products marketed by the company are convenience (or opportunity) products, as vegetables are purchased by people on a regular basis

(without requiring great effort), they are not expensive products and they are distributed in many places.

However, with reference to the companies that act as clients of Hortalizas Pascual Berga, the above classification of products is different, as these clients do make comparisons (especially price comparisons) between many different companies, in order to obtain the best advantages. This purchase requires more effort (as they are bulk purchases) and more time to obtain information with which to compare different options and, finally, to make the best choice in order to later resell these products and obtain higher returns. For this reason, it is said that in this case the products are comparison products.

On the other hand, in relation to the tangibility of the products, they are classified as tangible products. Moreover, the products offered by this company are short-lived goods, as they must be consumed by the final consumers shortly after their acquisition, i.e. these products have a short shelf life.

In order to analyse now which products are marketed, the products of the current season (January - May) will be presented. The product lines as well as the products of each product line are shown below

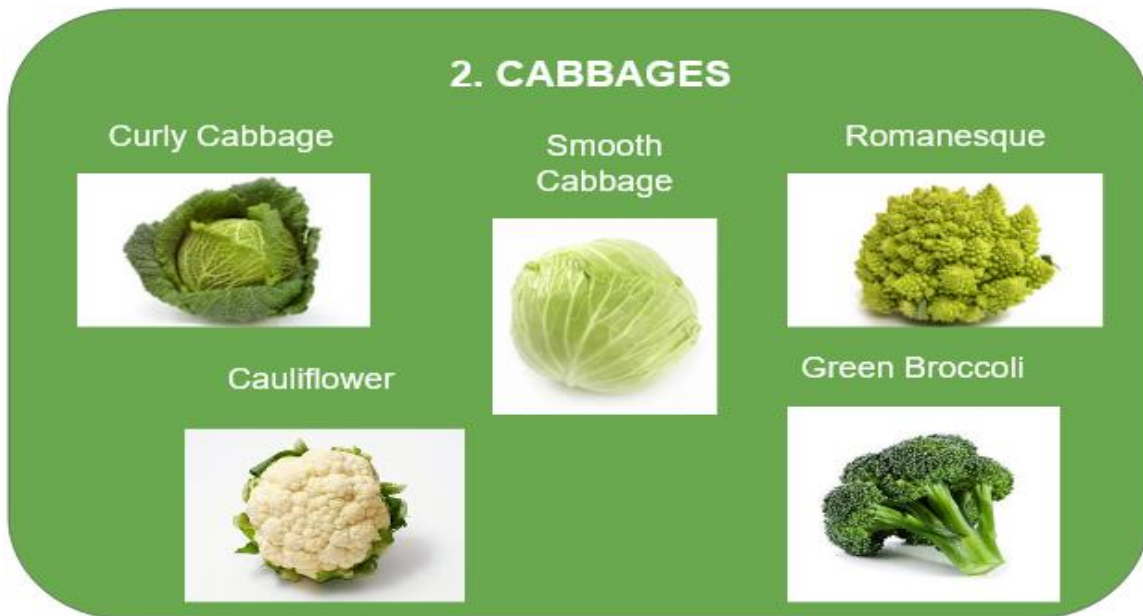
Figure 7. Product Portfolio: Artichokes



Source: Own elaboration

The artichoke is one of the most important products of Hortalizas Pascual Berga. Firstly, there is the artichoke that is classified as "first class", which is the selection of the best artichokes in terms of their properties (no frost, no scratches and perfect size and shape). Secondly, the company has second-class artichokes, which are those that can be consumed but may have some damage. Consumption of these artichokes has increased a lot in the last year due to their low cost prices.

Figure 8. Product Portfolio: Cabbages



Source: Own elaboration

Hortalizas Pascual Berga grows these 5 types of cabbage (Figure 8), with the most sold and widespread type being curly cabbage, especially in the Madrid market. In Barcelona, on the other hand, cauliflower and plain cabbage are more widely sold. The company has different products to be able to supply different geographical areas according to the tastes and preferences of consumers in each part of Spain.

Figure 9. Product Portfolio: Lettuce



Source: Own elaboration

On the other hand, the company sells different types of lettuce, mainly focused on the part of Catalonia. On the one hand, oak leaf is practically 100% home-grown, while marigold, long lettuce and trocadero are usually bought from other growers in the area. Pascual Berga is aiming to increase the production of oak leaf because it is said to be a product where hardly any chemicals have to be used and more and more clients are consuming this type of lettuce.

Figure 10. Product Portfolio: Endives



Source: Own elaboration

Curly endive, together with artichoke, are the two products of the winter season for which the brand is most famous throughout the country. This product is aimed at all the markets in the country. It can be marketed in two ways, what is known as "closed" endive or "open" endive. The only difference is how the markets, according to consumer preferences, want to visually perceive the vegetable. For example, in Mercamadrid, all the stalls want the endive to be open, while in Mercaolid, on the other hand, they prefer the endive to be sold closed.

Figure 11. Product Portfolio: Citrus

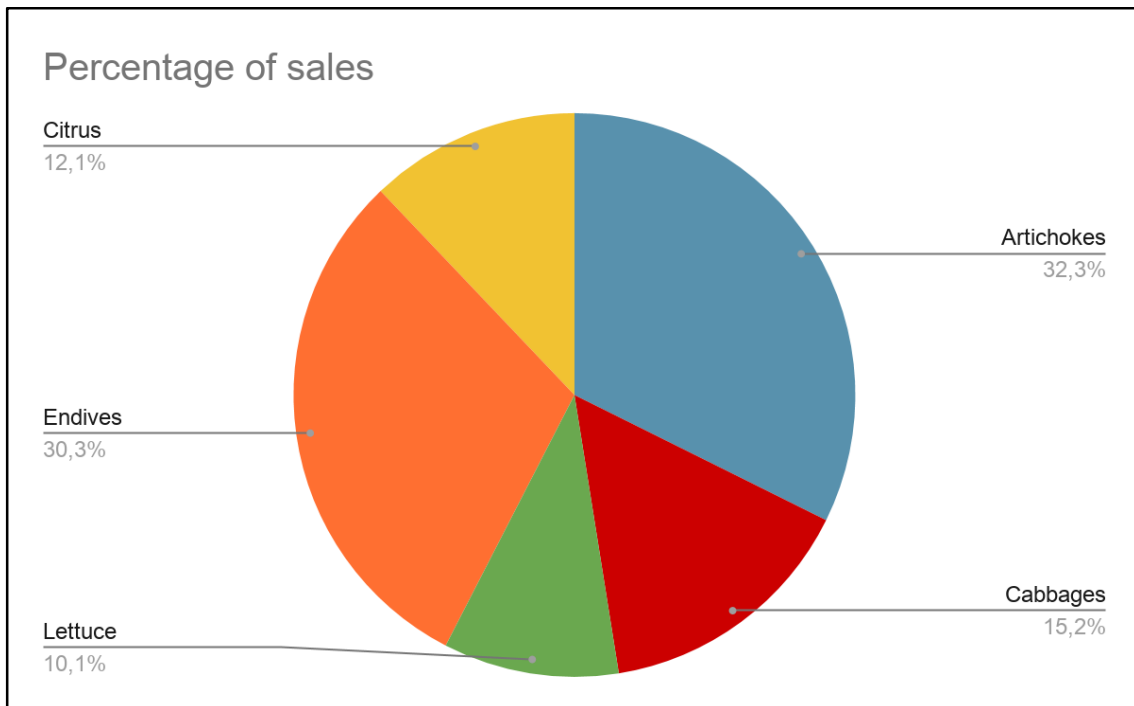


Source: Own elaboration

Finally, there is the citrus section, which is bought in its entirety from other farmers and sold on central markets. There are two types of oranges: Navelate and Salustiana. During the month of March, and for the first time, the company exported a considerable quantity of oranges to Germany, a very important step towards continuing to grow year after year and making the brand known internationally.

Below are the sales percentages (turnover) of the 5 product lines during the months of January-April 2021 according to the company manager José Pascual Berga Añó (Graph 1).

Graph 1. Percentage of sales by product lines in HPB (January-April 2021)



Source: Own elaboration from Hortalizas Pascual Berga (2021)

Prize

In a market with such perfect competition, as is the case in the vegetable market, companies have to adapt to the market price, both for buying and selling products. This is why the law of supply and demand works perfectly and, because of this, the prices of the products change almost daily. Companies in this market are price takers.

For example, green broccoli is a product that rose sharply in price in the last 3 weeks of March 2021, due to low production by farmers and high demand from end consumers. The selling price rose from €1.25/piece to more than €2.30 (a variation of approximately 85%). Therefore, it is very difficult to stipulate a fixed price for each product, being a very relevant and essential factor for the managers to have a lot of information from the rest of the market on a daily basis in order to be able to correctly vary the prices of the products and obtain good results.

Nevertheless, Table 2 shows the maximum and minimum selling prices of the products available during the month of March 2021:

Table 2: Price of products (March)

Product	Minimum price	Maximum price
Frist-class Artichoke	1€/kg	1'50€/kg
Second-class Artichoke	0'40€/kg	0'60€/kg
Curly Cabbage	0'45€/pieza	0'60€/pieza
Smooth Cabbage	0'50€/pieza	0'65€/pieza
Romanesque	0'70€/pieza	0'90€/pieza
Broccoli	1'25€/pieza	2'30€/pieza
Cauliflower	0'55€/pieza	0'65€/pieza
Wonder Lettuce	0'35€/pieza	0'45€/pieza
Oak Leaf Lettuce	0'35€/pieza	0'40€/pieza
Trocadero Lettuce	0'40€/pieza	0'45€/pieza
Long Lettuce	0'35€/pieza	0'45€/pieza
Curly Endive	0,45€/pieza	0'60€/pieza
Smooth Endive	0'45€/pieza	0'60€/pieza
Oranges	0'25€/kg	0'50€/kg
Tangerines	0'35€/kg	0'55€/kg
Lemons	0'40€/kg	0'65€/kg

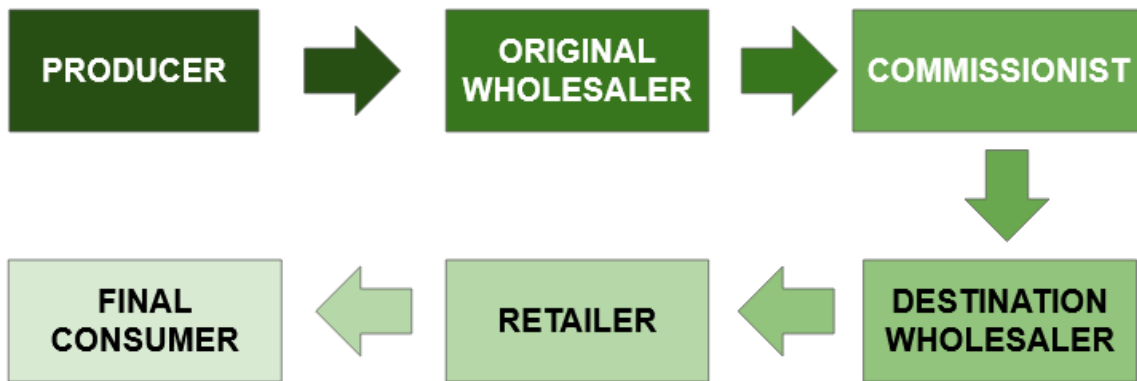
Source: Own elaboration from Hortalizas Pascual Berga (2021)

Distribution

Firstly, the distribution channel in the agricultural market is, in general, very long (Level 3 expert channel). In this respect, it should be noted that the company does not always use the same channel, since, for example, there are sales in which a commission agent acts and others in which he does not.

An example of a distribution channel in Hortalizas Pascual Berga is as follows (Figure 12):

Figure 12. Distribution channel Hortalizas Pascual Berga



Source: Own elaboration

In relation to physical distribution (transport), the company is responsible for distributing the products from its warehouse (wholesaler of origin) to the stops of its customers (wholesaler of destination), either through its own transport elements or by subcontracting other transport companies to carry out this activity. In a few cases this transport is borne by the customer itself. There are some cases where the company sells to a retailer (but this is not its core business), in which the retailers themselves come to the warehouse to buy and transport the product themselves to their shops. On the other hand, the distribution of the products from the field (producer) to the Hortalizas Pascual Berga warehouse is, in most cases, carried out by the farmer himself.

Communication

- **Advertising:** The company invests in advertising through provincial newspapers and local radio.
- **Promotion:** The tool used by the company is channel promotion, i.e. promotions aimed at intermediaries, such as volume discounts and display discounts in order to build customer loyalty.
- **Public Relations** Hortalizas Pascual Berga makes itself known through collaboration with sports organisations (Club Deportivo Benicarló, Club Baloncesto Benicarló, etc.). With this, they are committed to this sports sponsorship to continue promoting healthy habits in people's lives.

Figure 13. Cooperation with sports organisations



Source: Own elaboration from Google Images

- **Personal sale:** The organisation of the sales structure is geographic, i.e. there is one salesperson who is in charge of Catalonia and Aragon and another one for Madrid, Valladolid, Basque Country, etc.

2.2. EXTERNAL ANALYSIS

2.2.1. MACROENVIRONMENT (PESTEL ANALYSIS)

2.2.1.1. Political Factors

- Firstly, the most important policy shared by all EU countries is the CAP (Common Agricultural Policy). The CAP has the following objectives:
 - To support farmers and improve agricultural productivity.
 - To guarantee farmers a reasonable standard of living.
 - To contribute to the fight against climate change.
 - To keep the rural economy alive by boosting employment in agriculture.
- Secondly, agriculture is a sector where farmers' incomes are around 40% lower than those of workers in other sectors (European Commission, 2021). Moreover, it is highly dependent on climate and weather conditions. For this reason, the Autonomous Regions, the State and the EU provide certain economic aid to encourage the existence of more farmers. For example, there are subsidies for those under 40 years of age who want to start working in the countryside.
- Thirdly, there has been a political trend in recent years towards organic farming, which is seen as a driver for sustainable economic development and a tool for integrating environmental concerns.
- Finally, in this section of political factors, mention should be made of the great political uncertainty that is being experienced in Spain and other countries due to the great Covid-19 crisis. This unstable situation limits investment and the entry of new companies into the sector, making agricultural growth even more difficult. Moreover, as can be imagined, Spain's public deficit during the crisis has increased considerably, reaching 10.97% of GDP (2020), a very high percentage that places it in 175th place out of 190 countries in the ranking of deficit to GDP (Expansión, 2020).

2.2.1.2. Economic Factors

- The Covid-19 pandemic has hit the world economy hard and some experts say that in economic terms the worst is yet to come (business closures, rising unemployment, increasing poverty, etc.). This is why in the agricultural sector, as in many others, the consequences of the crisis can already be seen. A clear example is the drop in consumption of the most expensive agricultural products and the increase of the cheapest ones in the country's markets (in 2021, more second-rate artichokes have been consumed than in any other year, which are of poorer quality but cheaper, because the population has less money to spend and settles for worse products that are cheaper).
- A very important factor to take into account is the Consumer Price Index (CPI). With the current crisis, the CPI fell progressively from March to August (INE, 2021) largely due to the collapse of prices in the tourism sector. Evidently, this affected the agricultural sector greatly, as most hotels and restaurants significantly reduced their purchases of vegetables, thus reducing much of the demand and, consequently, producing a generalised drop in the prices of agricultural products.
- Finally, the growing trend in the consumption of organic products in our country should be highlighted, with Spain being the leading country in the whole of the EU in terms of surface area of organic farming.

2.2.1.3. Social Factors

- One of the most important factors is society's growing interest in healthy eating habits. With this, companies in the agricultural sector have a good opportunity to exploit the business towards healthy eating and healthy living ideas.
- Many people are looking for KMO products that do not have to be imported from

other locations or countries in order to reduce, for example, polluting gases from road transport with a lorry.

- In relation to the previous factor, we also see that there is a greater awareness of the environment and climate change, so organic products will gain importance in people's consumption and, with this, agricultural companies should be aware to start marketing this type of products ("BIO" products).
- Another factor to take into account is the higher educational level of the population, which means that young people with an education do not generally want to work in the countryside, as it is hard work with low salaries.

2.2.1.4. Technological Factors

- In recent years, technology has evolved significantly, so that production processes in the field have benefited many companies. More and more companies are investing heavily in technology in order to continue to survive and/or grow in the market.
- Related to the above, this can lead to labour cost savings for companies, as many functions previously performed by humans are now performed by machines.
- Technological advances allow companies to use minimum quantities required or to target very specific areas in order to reduce costs (e.g. by reducing water consumption). All in all, 3 advantages of technology in the agricultural sector stand out (Qampo, 2017):
 - Increased efficiency enabling more competitive prices to be offered to the market.
 - Safer crop conditions and safer food.
 - Reduced environmental and ecological impact.

2.2.1.5. Ecological Factors

- Environmental problems in recent years have concerned society in general, increasing interest in alleviating the consequences experienced by nature and the emergence of what is now called environmental awareness.
- Therefore, many measures such as reducing the amount of water used to irrigate crops or the use of solar panels to supply electricity to product handling warehouses are being implemented, thus increasing the interest of organisations and society in the pursuit of sustainability.
- Climate change is negatively affecting agricultural harvests due to the major storms we are experiencing in the country. Some examples are the 2 cold drops that we have experienced in a few years in the Valencian Community or the “Filomena” squall that froze and destroyed many agricultural crops.
- Finally, I would like to emphasise once again the growing demand for organic products free of pesticides, herbicides and chemical fertilisers.

Figure 14. Climate Change



Source: Google Images

2.2.1.6. Legal Factors

There are many decrees and laws governing the agricultural sector. Some of the most important legal factors are listed below:

General laws at European level (European Commission, 2021):

- In 2007, the EU Council adopted Regulation (EC) No 834/2007 laying down general principles, objectives and rules for agricultural production.

General laws at state level (BOE, 2021):

- Firstly, we have Royal Decree 430/2020, of 3 March, which develops the basic organic structure of the Ministry of Agriculture, Fisheries and Food.
- On the other hand, Decree 2484/1967, of 21 September, approving the text of the Spanish Food Code.
- Decree 975/1966, of 7 April, authorising the creation of Central Supply Markets (M.E.R.C.A.S.A.).

In relation to the environment (BOE, 2021):

- Order ARM/598/2010, of 4 March, by which the Electronic Headquarters of the Ministry of the Environment and Rural and Marine Affairs is created.

In relation to transport (BOE, 2021):

- Royal Decree 1010/2001, of 14 September, which determines the competent authorities for the transport of perishable goods and establishes and regulates the Commission for the Coordination of such transport.

Each autonomous community also has its own laws in the agricultural sector. In relation to the Valencian Community (BOE, 2021):

- Organic Law 5/1982, of 1 July, on the Statute of Autonomy of the Valencian Community, consisting of 81 articles.

2.2.2. MICROENVIRONMENT

Porter's 5 competitive forces are then used to analyse the agri-food industry in order to develop the business strategy by exploiting the opportunities and addressing the threats (Figure 15):

Figure 15. Porter's 5 competitive forces



Source: Own elaboration

2.2.2.1. Bargaining power of customers

The bargaining power of customers is defined as the degree to which they are able to obtain good conditions and good prices from the companies that sell them products. One of the factors that determine this bargaining power is the number of customers and suppliers in the market. That is, if there are few buyers, then the bargaining power of the customer will be high with the threat of not continuing to buy or cancelling the contract. Conversely, if there are many buyers, then the customer's bargaining power will be low.

In relation to the agricultural market, being a market of perfect competition and highly dependent on external factors, the bargaining power of customers is highly dependent on the law of supply and demand for certain products and at certain times, and this bargaining power is highly variable.

However, in general, the bargaining power of the customer in Hortalizas Pascual Berga in this market is usually quite high, since the company has a few customers who buy large quantities of produce, there is very little product differentiation on the part of the supplier and there is a wide range of substitute products for the customer.

2.2.2.2. Bargaining power of suppliers

Similarly, the bargaining power of suppliers is defined as the influence they have on the decisions of customers. Therefore, in a market where there are many suppliers, they will have little bargaining power because customers will be able to choose between many competitors and, conversely, if there are few suppliers, then the supplier will have great bargaining power over the customer.

In relation to the previous section, reiterate the importance of supply and demand at certain times and for certain products. For example, in two weeks when there is an oversupply of artichokes, the supplier's bargaining power is very low, as the seller (Pascual Berga) will reduce prices a lot in order to be able to sell the goods as soon as possible. On the other hand, at certain times when there is excess demand for the product, the supplier's power increases a lot, since Hortalizas Pascual Berga will be able to choose who to supply the product to from a wide range of buyers (normally those customers who pay a better price for the product or who pay in cash).

In general, the bargaining power of suppliers in this market is usually low, since there are many vegetable producers and the client companies (such as Hortalizas Pascual Berga) are usually very large and, on many occasions, have suppliers that supply them exclusively with the product, thus having a lot of power over the supplier.

2.2.2.3. Threat of new entrants

This concept refers to the difficulty of entry into a given market by other firms. Therefore, there are fewer options for new companies to enter if there are strong barriers to entry in the industry, which is beneficial for those companies that are already competing in the industry as they have fewer potential future competitors.

In relation to the position in which Hortalizas Pascual Berga finds itself, the barriers to entry that a company wishing to enter to compete in the sector would encounter are as follows:

- **High initial capital investments.** In order to compete in this sector, any company would have to make a very high initial investment. For example: rental or purchase of a warehouse and subsequent conditioning to carry out the activity by installing docks for the lorries, chambers to store the product, machinery, offices, etc., purchase of transport elements, initial expenditure on boxes, packaging and labelling, rental or purchase of land on which to grow crops, etc.
- **Economies of scale.** Companies that are already consolidated in the sector will enjoy economies of scale that will allow them to reduce the unit cost per product and subsequently sell more cheaply or obtain a higher commercial margin. For example, these economies of scale are achieved when, by selling more product, the fixed costs of the warehouse (rent, electricity, etc.) are spread over more units produced.
- **Lack of experience and knowledge.** Companies with experience in the sector will generally have higher productivity than new entrants, as they have knowledge and an organisational set-up with many standardised tasks. Moreover, the relationship with suppliers and customers will be quicker and more efficient as the same purchase or sale transaction will have been repeated many times and the company will have selected those intermediaries that it considers to be the most beneficial for the organisation.

Therefore, in this sense, the barriers to entry in this sector are very high, so that the threat of entry by new competitors is considerably reduced. As a result, new firms will be at a great disadvantage relative to the competition and it may not be attractive for them to enter the industry. Undoubtedly, these high barriers to entry are a strength for Hortalizas Pascual Berga and the companies already competing in the sector.

2.2.2.4. Threat of substitute products

Substitute products are those that meet the same needs but have different characteristics or properties. In the food sector there are many products that can substitute vegetables, so there is a great threat that vegetables can be substituted by other foods. Therefore, emphasis should be placed on those products that are not healthy but that people like and tempt them more, such as pizzas, hamburgers, sweets, chocolates, etc. Undoubtedly, these are all products that can replace the consumption of vegetables, although it is true that more and more people are becoming aware of healthy habits and healthy diets and this is an opportunity for the company Hortalizas Pascual Berga and the rest of the companies in its sector so that vegetables are not so threatened by being replaced by other unhealthy products.

2.2.2.5. Rivalry between competitors

This concept is the most decisive element of Porter's model and refers to the strength with which organisations carry out actions to improve their positioning and maintain a competitive advantage over their competitors.

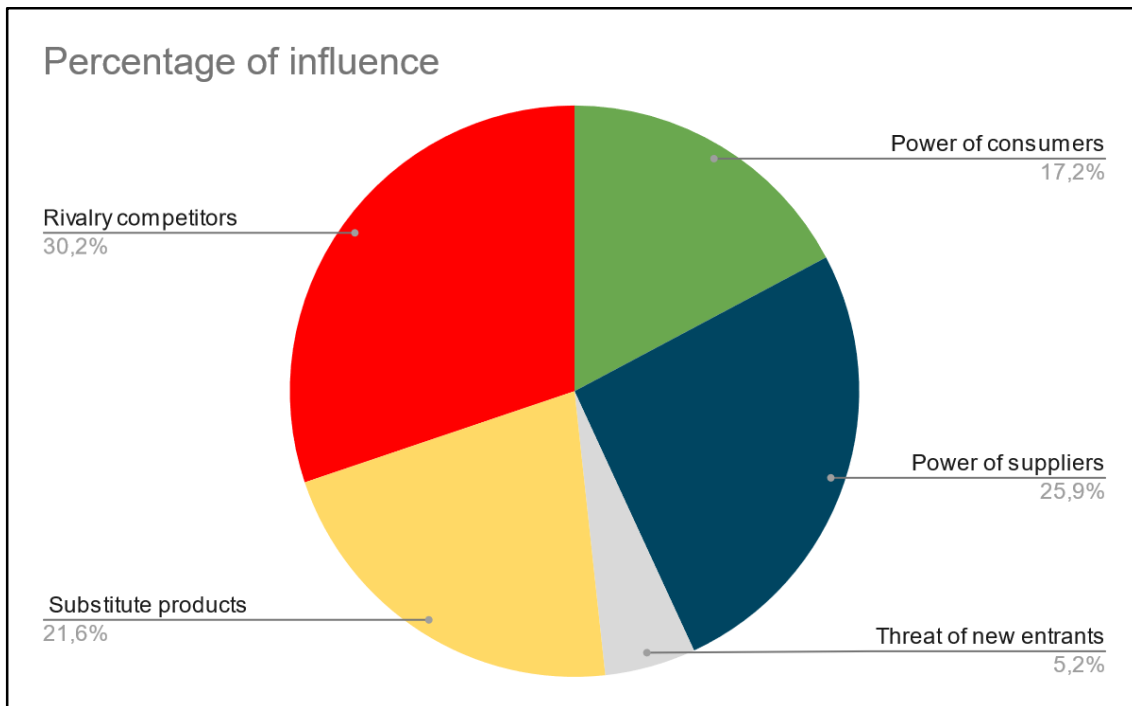
There are many companies competing in the agricultural sector throughout the country. In order to explain the rivalry, the two functions of Hortalizas Pascual Berga are differentiated: production and wholesaler at origin.

In relation to the former, there are many different companies which carry out work in the field related to vegetable production. It can be seen that it is a sector with little concentration and a great diversity of different competitors (both self-employed and SMEs as well as large companies). The products are usually not very differentiated and the companies tend to be long-lasting, which intensifies rivalry in the sector.

Secondly, in terms of wholesale activity, the situation is somewhat different from the above. On the one hand, the number of competing companies is smaller and the diversity of competitors is not so great. They tend to be all larger companies than those engaged only in field work, and the rivalry between these companies tends to be very strong as they are very long-lived companies with high exit barriers, with long-lived and specialised asset resources.

Therefore, it can be considered that there is high rivalry in both of the above activities, but it is even higher when the company competes in the wholesale sector.

Graph 2. Influence of Porter's 5 Competitive Forces on HPB



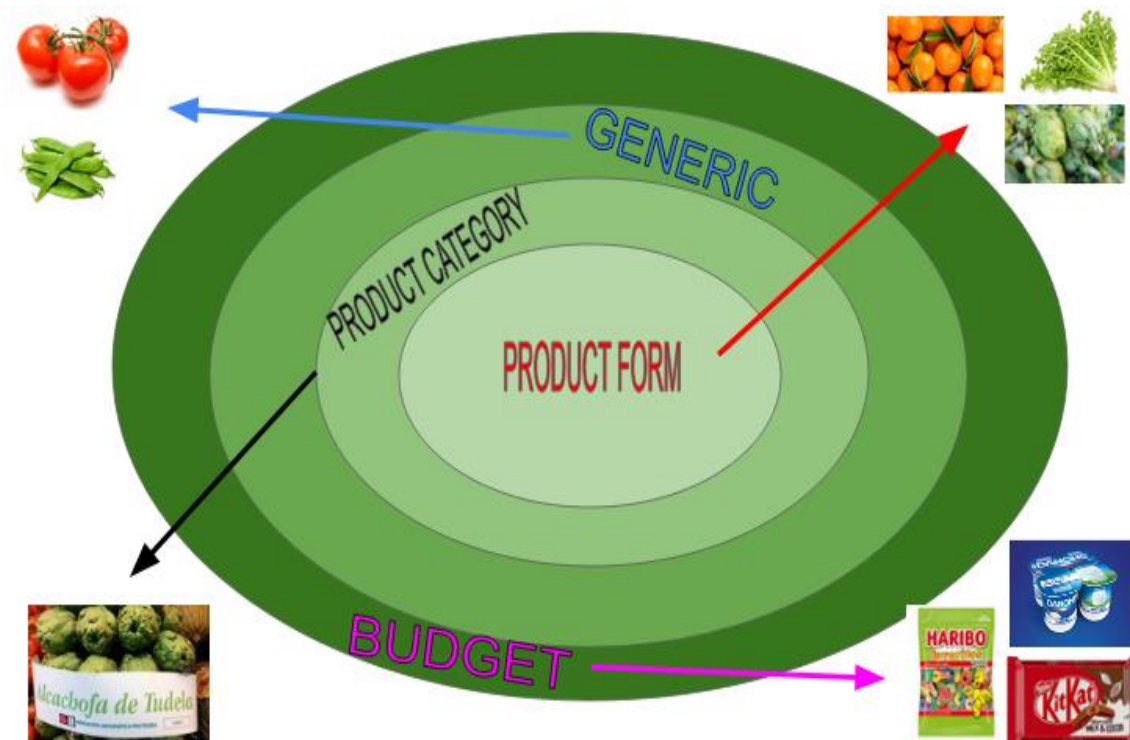
Source: Own elaboration

2.2.3. COMPETITIVE ANALYSIS

Competition in a market is essential for organisations to seek excellence in order to achieve a competitive advantage that allows them to be better and obtain better results. With this in mind, the competition from the point of view of the consumer of Hortalizas Pascual Berga is set out below.

2.2.3.1. Levels of competence

Figura 16. Competence levels



Source: Own elaboration

- Competition in the form of product:** These are those companies that provide the same products to the same market segments as Hortalizas Pascual Berga. As shown in Figure 16, some examples of these products are Benicarló artichokes, oranges or curly endive. Some of these competitors are Frudex, Benihort (Cooperativa Agrícola Benicarló) and Frutas y Verduras VAMP.
- Competition in product category:** These are those products and brands that have the same attributes but with a different presence of the same attributes. An example of this is the Tudela artichoke, which is the same product but does not have the same characteristics as the Benicarló artichoke. One company that markets this vegetable from Tudela is Frutas y Verduras Castel Ruiz.
- Generic competition:** These are products that cover the same need (healthy eating), but which are not marketed by Hortalizas Pascual Berga. Some examples are tomatoes or green beans; marketed by companies such as Rosa del Maestrat or Frutiban.

- **Competition at the budget level:** At this level we are talking about products and brands with the same budget level, such as candy, chocolate bars or yoghurts.

2.2.3.2. Main Competitors

Many companies compete in the vegetable market and rivalry is very strong. For this reason, this section analyses the main wholesalers of fruit and vegetables in the city of Benicarló that compete directly with Hortalizas Pascual Berga in terms of products.



Frudex is Hortalizas Pascual Berga's main competitor, both in terms of the products it sells and the type of activity and customers it targets. Moreover, both companies share some suppliers and

customers, targeting wholesalers (destination) rather than retailers or retailers. The only major difference with Hortalizas Pascual Berga is that Frudex does not engage in field production, but buys 100% of the produce it sells from other farmers in the area. With this, this company goes to companies in Mercamadrid, Mercabarna, Mercazaragoza, Mercaolid, etc, in the same way as Hortalizas Pascual Berga. On the other hand, it also delivers products directly to the warehouses of clients in the area. It should be noted that the minimum wholesale unit used by both companies to distribute the goods to the country's markets is 1 pallet (equivalent to, for example, around 750kg for artichokes). In relation to prices, being a perfect competition market, both companies are price-accepting. The way they operate in the warehouse (with a surface area of approximately 1,500 square metres) for handling, preserving and distributing the products is very similar.



Secondly, Frutas y Verduras VAMP is also located in the El Collet industrial estate in Benicarló and sells practically the same products as Hortalizas Pascual Berga. In contrast, VAMP's business focuses on selling both to other wholesalers and to retailers (greengrocers and greengrocers) in the area. Its activity is very similar to that of Frudex and Hortalizas Pascual Berga, although the volume of business is much smaller, so that it cannot take advantage of economies of scale as much as Hortalizas Pascual Berga its two other direct competitors. VAMP (like Frudex) is not a producer either, but buys all the produce from other farmers in the area for subsequent sale. On many occasions Pascual Berga sells products to VAMP, in this case establishing a supplier-customer relationship.



Benihort is the Benicarló Agricultural Cooperative. It is true that the products marketed are the same, but the functioning of this cooperative is very different from that of Hortalizas Pascual Berga. In this organisation, there are a number of members who can only sell their produce exclusively to Benihort. In this way, the cooperative guarantees the purchase of their products, but in exchange, the cooperative offers lower purchase prices to its suppliers/partners. Moreover, the cooperative's turnover is much higher than that of the other competing companies, so that they enjoy many advantages thanks to economies of scale. The main similarity is that Benihort does not wholesale its products to retailers (except for its own supermarket), but distributes its products to other wholesalers throughout the country and also internationally. This company also has other business areas such as, for example, a petrol station or the supermarket mentioned above, where Benihort can sell its products to the final consumer at very competitive prices.

Table 3. Table Competition Summary

Competidor	Frudex	VAMP	Benihort
Product	Same products as HPB. They also have a premium range with a selection of the best products.	Smaller variety of products than Frudex and HPB. They focus more on fruit than on vegetables. In the winter season they only have artichoke, lettuce and cauliflower.	Same product range as HPB and Frudex, but marketed under two different own brands (Benihort and Main). They also sell seeds, and have a supermarket and a petrol station.
Price	Price-acceptors	Price-acceptors	Price-acceptors
Distribution	National distribution (Barcelona, Zaragoza, Madrid, etc) and international (Germany and France). They do not have their own transport.	Same product range as HPB and Frudex, but marketed under two different own brands (Benihort and Main). They also sell seeds, and have a supermarket and a petrol station.	National distribution (Madrid, Barcelona, Valencia, etc) and International (France, Italy, Germany, etc). They have a large transport infrastructure of their own.
Communication	Direct marketing through social networks and website.	They are promoted through the website and social networks.	They invest heavily in advertising in the local media (Radio Benicarló, Canal 56, etc), as well as sponsoring important events in Benicarló. They also use a website and social networks.

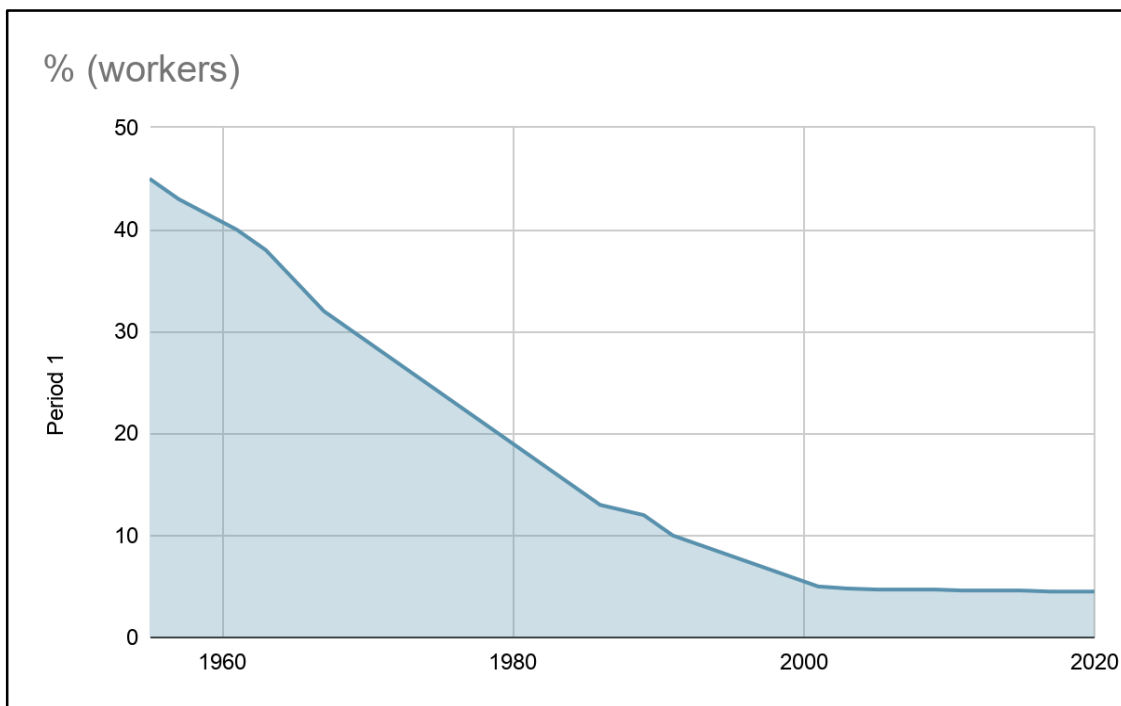
Source: Own elaboration

2.3. MARKET ANALYSIS

2.3.1. SECTOR ANALYSIS

In order to carry out this analysis, it should be pointed out that the agricultural sector in Spain was, until the 1960s, the mainstay of the Spanish economy (45% of the working population was engaged in agriculture and fishing). Today, however, less than 5% of the working population is engaged in agriculture, and very few young people under the age of 30 want to go into farming. For this reason, and being a very important sector for people's lives, public institutions are trying to motivate young people through financial aid and subsidies so that more of them want to work in this sector.

Graph 3. Percentage of employed in the agriculture and fisheries sector



Source: *EpData (2020)*

Similarly, the share of the agricultural sector in Gross Domestic Product has also declined sharply over the course of the 20th and early 21st centuries, from almost 50% at the beginning of the 20th century to only 2.5% in 2019 (Table 4).

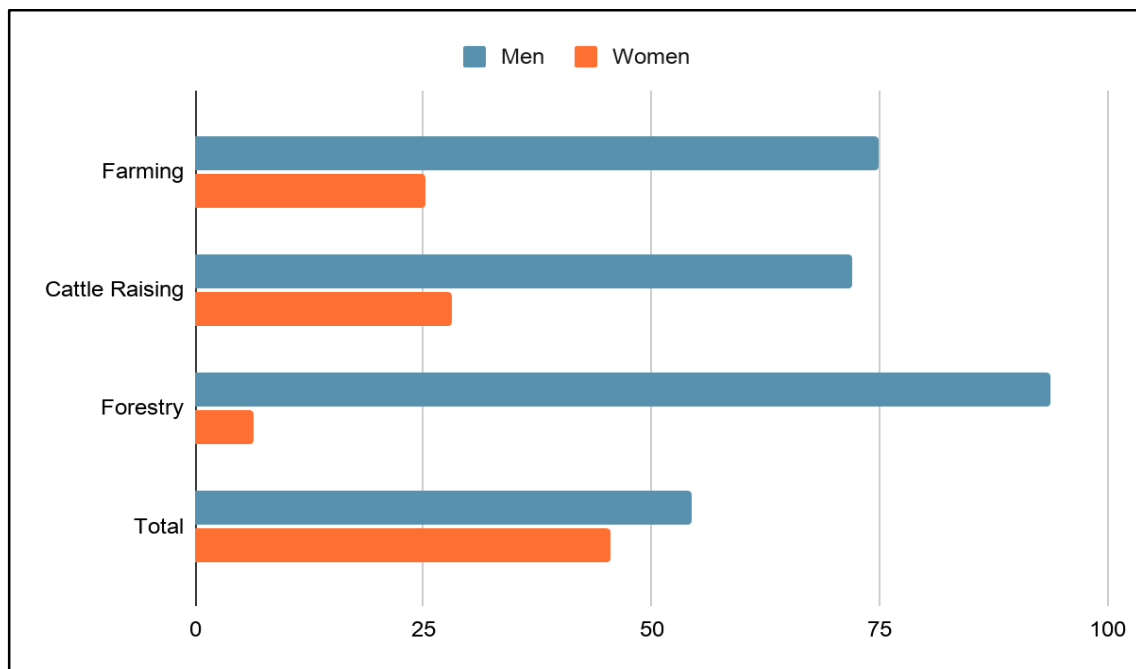
Table 4. Share of agriculture in GDP (1901-2019)

Year	%PIB
1901	46,4
1930	34,6
1960	22,6
1975	9,7
1990	4,5
2013	2,6
2019	2,5

Source: Wikipedia (2021)

On the other hand, the agricultural sector is one of the sectors with the lowest female labour force participation (Graph 4). Of every four people working in agriculture in Spain, only practically one is a woman. If reference is made to the Valencian Community, this figure is even worse, as 88.5% of those working in agriculture are men compared to only 11.5% of women. In Hortalizas Pascual Berga 40% of the employees are women and this percentage is expected to increase in the coming years.

Graph 4. Percentage of workers in the agricultural sector by sex in Spain



Source: Instituto Nacional de Seguridad e Higiene en el Trabajo (2016)

However, in the first quarter of 2020 (before the start of the pandemic), the agricultural sector in the Valencian Community was the only sector that grew in number of companies (AlicantePlaza, 2020). On 31 March 2020, the number of organisations in our autonomous community related to agriculture was 6,224 companies. On the contrary, the number of workers decreased, with the total number of people working in the Valencian Community being 51,400 people compared to 64,800 in the previous quarter.

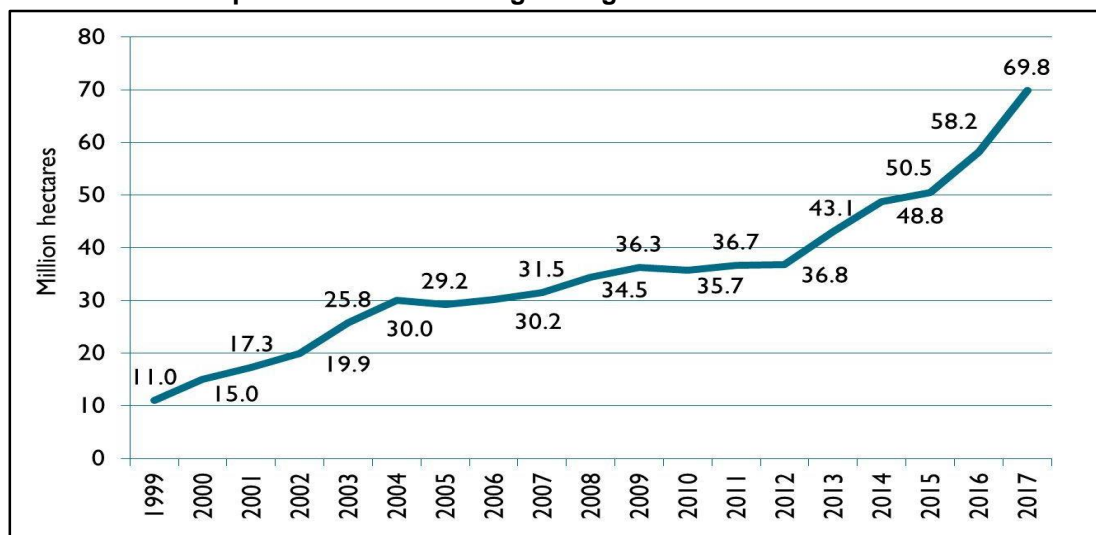
Table 5. Valencian Community with respect to Spain in the agricultural sector

Agricultural sector	Valencian Community	Spain	% Valencian.C compared to Spain
Nº companies	6.224	120.480	5,16%
Nº workers	51.400	900.000	5,7%
Nº women	6.168	226.800	2,71%
Nº men	45.232	673.200	6,7%

Source: Alicante Plaza y Agroambient (2020)

Furthermore, it is worth highlighting the great growth that organic farming has been experiencing over the last few decades at a global level. In 2019, the surface area of organic crops broke record figures once again, increasing exponentially year after year. In addition, there are many companies that are increasingly marketing these types of products as they observe an emerging market and a high demand from end consumers (Graph 5).

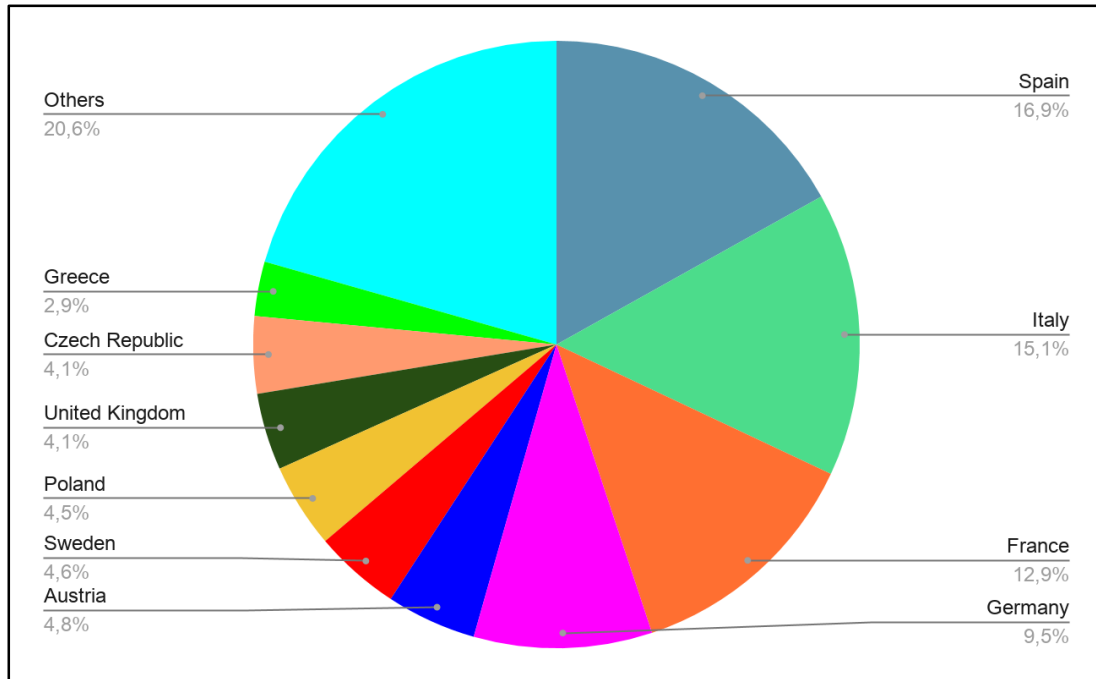
Graph 5. Growth of the organic agricultural land 1999-2017



Source: FiBL (2019)

Finally, it should be noted that Spain is the European country with the largest area dedicated to organic crops (and fifth in the world). Graph 6 shows the percentages of the total area dedicated to organic crops, which experts expect to see an upward trend in the coming years.

Graph 6. Data on total organic farming area in the EU



Source: Own elaboration from Eurostat (2019)

2.3.2. CUSTOMERS ANALYSIS

Hortalizas Pascual Berga's customers are other companies, as they never sell to the final consumer. These client companies are located in the most important markets in the country, where they sell the products they buy to retailers or retailers. Pascual Berga's customer portfolio is not very varied, but has only a few customers (previously selected over time) who interact with the company on an almost daily basis and where transactions are carried out in large quantities. With this method, what is achieved is speed, trust and effectiveness of the purchase and sale transactions between supplier and client, establishing long-term commercial relationships with these clients and being able to take advantage of the mutual benefits that this entails. Some of the company's most important customers are shown below (Table 6).

Table 6. Some Hortalizas Pascual Berga (HPB) customers

Company	Market	Products in demand	Link to HPB
Fruites i Verdures Amat	Mercabarna	- Cauliflower - Broccoli - Artichoke Premium - Cabbage - Long lettuce	12 years
Alberto Alpuente	Mercazaragoza	- Artichoke premium - Artichoke - Cabbage - Romanesque	15 years
Grupo Agrícola Perichan	Mercamadrid	- Endive (open) - Artichoke premium - Cabbage - Oak leaf	11 years
Frutas Hermanos Florez	Mercaolid	- Artichoke premium - Endive (parsley) - Oak leaf - Romanesque	7 years
Grupo Frutas Iru	Mercabilbao	- Artichoke premium - Endive (open) - Oak leaf - Green broccoli	14 years

Source: Own elaboration from Hortalizas Pascual Berga (2021).

3. SWOT ANALYSIS

Figure 17. SWOT

<p style="text-align: center;">STRENGTHS</p> <ul style="list-style-type: none"> - Good market positioning. - Strong knowledge of the industry. - Economies of scale. - Good infrastructures and good warehouse location. - Standardised production process and experienced personnel. . - Customer loyalty. - Great bargaining power with suppliers. - Diversification of own production. - High barriers to entry in the sector. 	<p style="text-align: center;">WEAKNESSES</p> <ul style="list-style-type: none"> - Low digital transformation. - High fixed costs. - Low presence in southern Spain. - Little international presence. - The company does not have an organic product line. - Limited budget. - The company does not carry out communication activities through its website and social networks. - The company does not have online sales. - Single partner.
<p style="text-align: center;">OPPORTUNITIES</p> <ul style="list-style-type: none"> - Favourable weather conditions for agricultural practice. - Increased demand for organic products. - Technological advances that improve productivity in the countryside. - Increased social awareness of healthy habits. - Increase in e-commerce. - Possibility of receiving aid and subsidies. 	<p style="text-align: center;">THREATS</p> <ul style="list-style-type: none"> - Excessive abandonment of agricultural activity. - Threat of substitute products. - Lack of generational change in agriculture. - Agriculture is a very mature sector. - High import of certain products from abroad. - Climate change. - Reduced importance of the sector in the global economy. - Covid-19 crisis.

Source: Own elaboration

3.1. STRENGTHS

- **Good market positioning:** The Pascual Berga brand is well known in the most important markets in the country. As a result, customers associate it with fresh, quality products and a fast, personalised service. To achieve this, the production strategy followed by the company is "make to order" or "production to order", where customers place their orders in the morning and the company carries them out later in the day at the agreed time and in the agreed manner.
- **Great knowledge of the industry:** Hortalizas Pascual Berga has 25 years of experience as producers and 15 years as wholesalers of distribution and marketing of products. This is why they have a great knowledge of the market and the sector in general and this has a positive impact on certain decision-making.
- **Economies of scale:** The high production marketed by the company allows them to take advantage of economies of scale, being possible to reduce the unit cost of production in order to offer the market more competitive prices or to obtain a higher commercial margin.
- **Good infrastructure and good location of the warehouse:** The machinery that the company has for working in the field allows them to be more productive than other competing companies and the warehouse is very spacious and well equipped. In addition, this warehouse has a privileged location, as it is next to the N-340 and with easy access for any trailer that comes to load pallets of produce for distribution to the markets.
- **Standardised production process and experienced personnel:** The company's production process, together with the people who have been working in the organisation for many years, allows activities to be carried out more efficiently, having found the optimum production process over time and experience.

- **Customer loyalty:** Hortalizas Pascual Berga has many customers with whom it has been working for many years (as can be seen in Table 6). This is a strength for two reasons; the first is that it ensures that it can sell the production with daily transactions with the same customers; and the second is that these transactions are carried out quickly and efficiently as they are repeated practically every day, as the company knows the tastes and preferences of each of its customers.
- **Great bargaining power with suppliers:** The company takes advantage of this bargaining power to obtain better purchasing conditions (above all, to obtain lower prices). This happens because the product is not very differentiated and there are many different producers, in addition to the fact that the company itself has already covered 70% of the merchandise with its own production.
- **Diversification of own production:** The company grows different types of products in order not to be dependent on any one supplier or product. Thus, if there is no market demand for a certain product in one season, the company has many other products to market. Likewise, if there is little supply from the suppliers, they always have the option of collecting their own products to sell what the market demands on a daily basis.
- **High barriers to entry into the sector**, such as high initial capital investments, lack of experience and knowledge in the sector, etc.

3.2. WEAKNESSES

- **Low digital transformation:** Activities in most areas of the company lack digitalization, i.e., they are performed manually and conventionally. This means, in many cases, more costly and slower procedures on the part of employees.
- **High fixed costs:** The company must cover very large fixed costs, such as the warehouse mortgage, employee salaries, insurance, etc.
- **Low presence in southern Spain:** Hortalizas Pascual Berga hardly markets its products in southern Spain. This is due to the lack of promotion of the brand in the markets of Andalusia, Extremadura, Castilla La Mancha, etc.

- **Little international presence:** In recent months the company has exported products to Germany or the south of France, but the presence in international markets is still very scarce unlike some competing companies that have a greater presence abroad.
- **The company does not have an organic product line:** The population is increasingly demanding organic products. This is why the company should have field days dedicated exclusively to the cultivation of organic products and market them with a product line in addition to the conventional one.
- **Limited budget:** With the latest investments (purchase and refurbishment of the warehouse and expansion of agricultural machinery), the company has made a great economic effort and currently has a limited budget to continue investing in other assets.
- **The company does not carry out communication activities through websites and social networks:** With this, they lose a good opportunity to continue gaining visibility locally, nationally and internationally, as well as to promote the available products they market or promote new future business ideas.
- **The organization does not have online sales:** Closely related to the above, through a web page the products could be sold online, since more and more people are using e-commerce and taking advantage of the benefits it provides.
- **Sole shareholder:** José Pascual Berga Añó is the sole shareholder of the company, so the options for growth and expansion of the organization are significantly reduced (more limited resources).

3.3. OPPORTUNITIES

- **Favorable weather conditions for agricultural practice:** In the Valencian Community there is a privileged climate for agricultural production, so there is an opportunity to export local products nationally and internationally.
- **Increased demand for organic products:** The population wants to consume more and more products free of pesticides, herbicides or chemical fertilizers,

which is a great opportunity for companies in the sector to implement "BIO" product lines in their business plans. Note that Spain is the first country in the European Union in area cultivated with organic products.

- **Technological advances that allow to improve productivity in the field** and, thus, offer more competitive prices in the markets, in addition to having safer growing conditions and safer food.
- **Increased social awareness** of healthy habits and healthy living, through physical activity and good nutrition, which can lead to increased demand for fruits and vegetables, both in supermarkets and restaurants.
- **Increase in electronic commerce at a global level**, which allows speeding up purchase and sale transactions, overcoming geographical limits and increasing the visibility of companies in the sector through the Internet.
- **Possibility of receiving aid and subsidies from the autonomous communities**, the country's government or the European Union. This reduces the risk for those who want to start a business in the sector and encourages more people to dedicate themselves to agriculture, since it is a very important sector for the economy and society in general.

3.4. THREATS

- **Excessive degree of abandonment of agricultural activity:** The availability of labor in the sector is scarce, largely due to poor working conditions and poorly paid wages. As a result, the abandonment of agricultural activity to other sectors such as construction or tourism is very high.
- **Threat of substitute products, both healthy food products and other unhealthy products**, such as, pizzas, hamburgers, etc. where Spaniards prefer to consume when they go to eat in restaurants. It is true that more and more people have adapted healthy eating habits in their lives, but there is still a great threat of these products over fruits and vegetables.

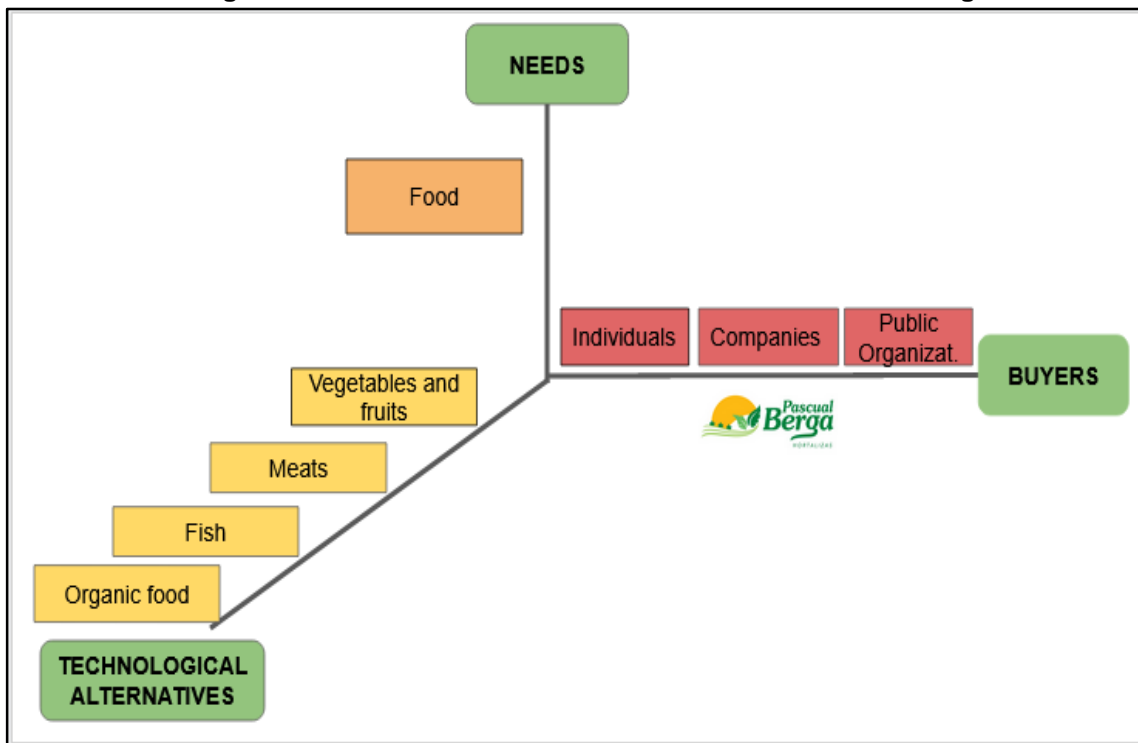
- **Lack of generational replacement in agriculture:** The average age of Spanish farmers is at 60 years (Lopera, I, 2020). This is due to the fact that more and more young people are deciding to study university degrees or vocational training with the motivation of finding better paid jobs with better working conditions.
- **Agriculture is a very mature sector:** the sector does not show too many future growth expectations and, moreover, competing companies are often reluctant to digitalize and innovate production processes.
- **Large import of certain products from abroad:** A clear example is the crisis of Valencian oranges in 2019, where this citrus imported from South Africa was marketed at selling prices in Spain below the cost of production of producers in the Valencian Community, so this foreign import caused that collecting oranges for Valencian producers was not profitable at market prices of African oranges.
- **Climate change:** The economic and social impacts of climate change will be increasingly serious. For example, extreme weather events (storms, droughts, etc), damage to crops and food production or droughts are some of the impacts associated with climate change.
- **Reduced importance of the sector in the overall economy:** The share of the agricultural sector in terms of GDP and employment in Spain has been declining during the 20th century and early 21st century, although it is true that in recent years it has stabilized and stopped falling, and has also emerged stronger (in terms of GDP) in 2020 due to the Covid-19 crisis.
- **Covid-19 crisis:** The closure of restaurants and catering in general has led to a drop in demand for agricultural products and, consequently, a drop in prices compared to the previous year. On the other hand, agriculture has reached its highest weight in relation to GDP in the last 15 years, not so much because of the growth of the sector, but because of the decline of other sectors. During the pandemic, as it was considered an essential sector, agricultural companies did not cease their activity and this helped to gain importance in 2020 compared to other sectors (such as agriculture).

4. MARKET SEGMENTATION

4.1. REFERENCE MARKET

The relevant market is defined as the set of substitute products that satisfy a specific need of the set of potential buyers. Figure 18 shows the relationship of these three dimensions (needs, buyers and technological alternatives) in Hortalizas Pascual Berga.

Figure 18. Current relevant market of Hortalizas Pascual Berga



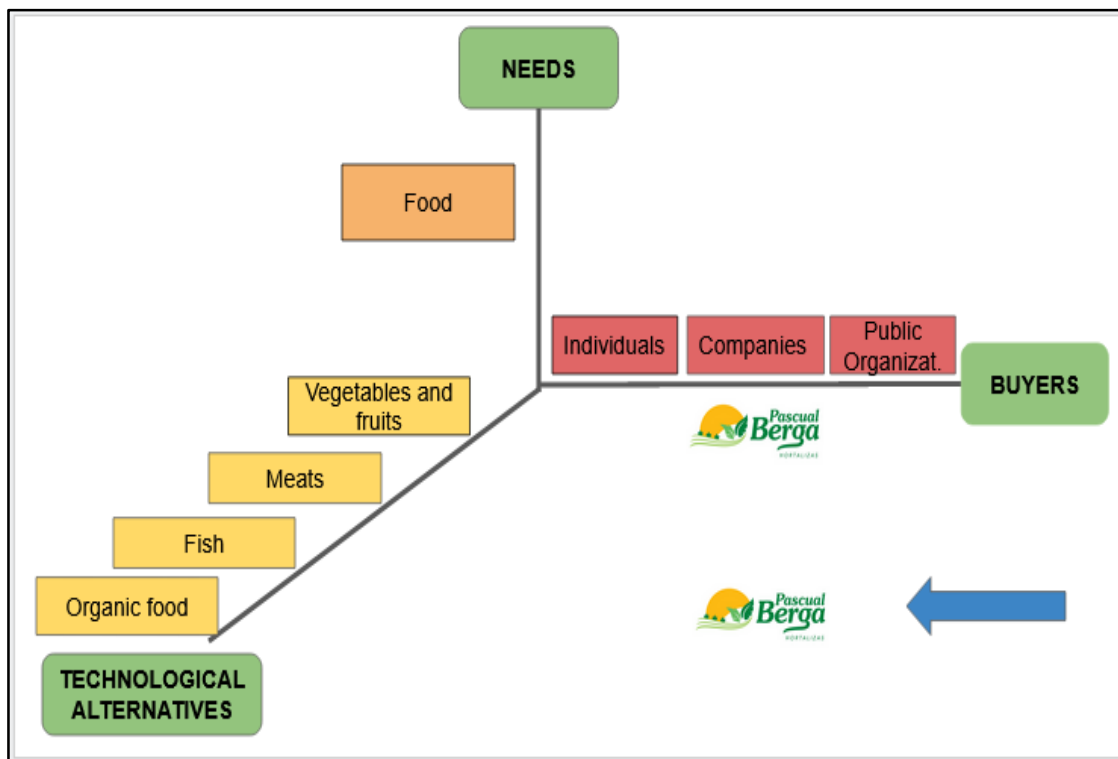
Source: Own elaboration

In the first place, the need covered by Hortalizas Pascual Berga is food. As for the macro-segments to which it addresses, and being the wholesale company, it can never address final consumers. In this case, it does not target public bodies either. This is why the company only targets other companies (especially wholesalers located in central markets). Speaking of the different technological alternatives, the food groups sold in the markets have been defined and four main groups have been identified: fruit and vegetables, meat, fish and organic products (a new section of the latter is being set up in the markets under the name of "Biomarket", as is the case in Mercabarna).

Currently, the coverage strategy followed by the company in relation to the reference market is the concentration strategy, since it is specialized in a single technological alternative (fruits and vegetables) and a single group of buyers (companies) for one need (food). Therefore, the product-market (which is the only one identified in the company) coincides with the relevant market.

Both the PESTEL analysis and the SWOT analysis have shown the increase in demand for organic products in recent years. This is why it is proposed to increase the company's relevant market through the expansion of new technologies (Figure 19), where the company creates a new line of products that are only organic. With this, the proposal is that a percentage of field days be reserved for the production of organic products and, through a new line that could be called "Eco Pascual Berga", be marketed wholesale in central markets.

Figure 19. Potential relevant market for Hortalizas Pascual Berga



Source: Own elaboration

Therefore, the new relevant market will be composed of two product-markets as the company markets two different technological alternatives: conventional fruit and vegetables and organic products, targeting only companies (especially wholesalers in the markets) and covering the same food need (through the wholesale marketing of

products). In this case the strategy followed by the company would be the strategy of partial or mixed coverage.

4.2. SEGMENTS

Once the product market preference map is identified, the following organizational buyer segments of Hortalizas Pascual Berga are identified:

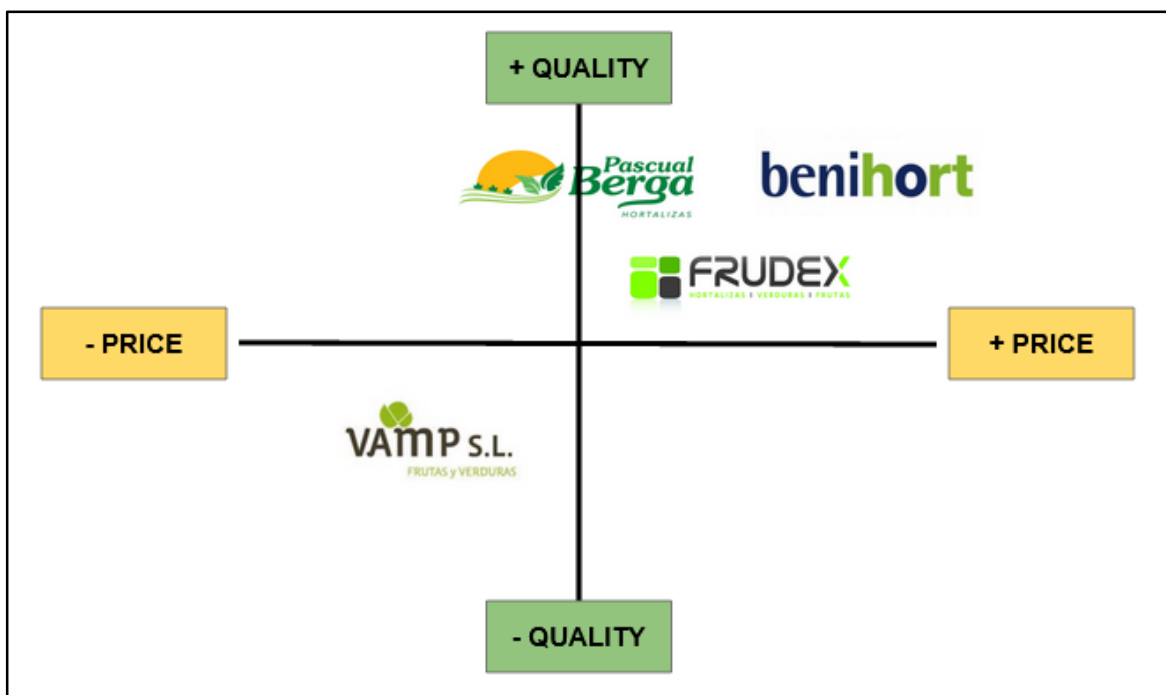
- **Low cost companies:** this segment includes those organizational buyers who want to buy very cheap products seeking the cost leadership strategy, regardless of whether these products are of poorer quality. In other words, the most important factor is the price of the products. These companies focus on those final consumers who are very price sensitive, usually people with low purchasing power and who do not give importance to the quality of fruits and vegetables. Some examples in Hortalizas Pascual Berga are Alomar from Mercamadrid or Vercamar from Mercaolid.
- **Intermediate companies:** These are those wholesalers who want to market products with the best quality-price ratio. Therefore, they will seek to buy mid-range products at affordable prices. They also tend to be companies that market a wide variety of different types of fruits and vegetables. Some examples in Hortalizas Pascual Berga are Frutas y Hortalizas Cerdà from Mercabarna or Alberto Alpuente from Mercazaragoza.
- **Premium companies:** This segment includes those wholesalers who want to be recognized because their products are of high quality. These are companies that are willing to pay a higher price for selective products and focus on marketing them to those retailers who sell to end consumers usually with high purchasing power and who want high quality fruits and vegetables. Some examples of these customers in Hortalizas Pascual Berga are Perichan from Mercamadrid or Iru from Mercabilbao.
- **Ecological companies:** These are companies that are very aware of the environment and sustainability and focus on buying organic products that are produced with all environmental standards. They target end consumers who are very aware of organic production and are willing to pay a higher price if the fruits and vegetables have been produced with organic processes. Hortalizas Pascual Berga currently has no customers in this segment.

"Intermediate companies" is the main segment that Hortalizas Pascual Berga is currently targeting, although the company is also interested in targeting other segments; firstly, all the products that have remained of low quality, it is interested in being able to sell them to organizations in the **low cost segment** and not throw away the product and lose money, and secondly, it is also interested in targeting companies in the **premium sector** because it can obtain higher trade margins, in addition to publicizing the high quality products of the Baix Maestrat area. As for the **segment of organic companies**, the company does not address yet because it has no line of organic products, but it is a segment to be taken into account closely because it is growing and the company should consider the option of taking a line of organic products with which to address these companies. Therefore, Hortalizas Pascual Berga is interested in targeting the four segments analyzed; on the one hand, because it has a lot of variety in relation to the quality of agricultural products and, on the other hand, the great future and potential profitability of organic products.

4.3. POSITIONING

Once the company's target segments have been identified, the positioning map is shown (Figure 20), where both Hortalizas Pascual Berga and its competitors in the form of produce from Benicarló (Frudex, VAMP and Benihort) will be located. The attributes that will be taken into account are prices and product quality.

Figure 20. Positioning Map



5. MARKETING OBJECTIVES

OVERALL OBJECTIVE:

Increase brand recognition nationally and internationally, increasing presence in new core markets and targeting new market segments.

SPECIFIC OBJECTIVES:

Objectives of commercial relationships:

1. To incorporate the brand in 3 more central markets in the country in the next 12 months. To Consider accessing markets in the south of Spain to expand the brand throughout the country.
2. To perform 10 or more exports with companies from European countries in the next 18 months.
3. To obtain 6 organizational buyers in the organic product segment and to reserve 25% of the field days to cultivate these organic products until 2023.
4. To achieve 90% loyalty of current customers by 2022.
5. To expand the customer portfolio by 20% in the next 2 years.

Management objectives of marketing activities

6. To increase sales of Hortalizas Pascual Berga by 20% in the next two years.

Business financial objectives:

7. To increase Hortalizas Pascual Berga's profits by 12% in the next 24 months.

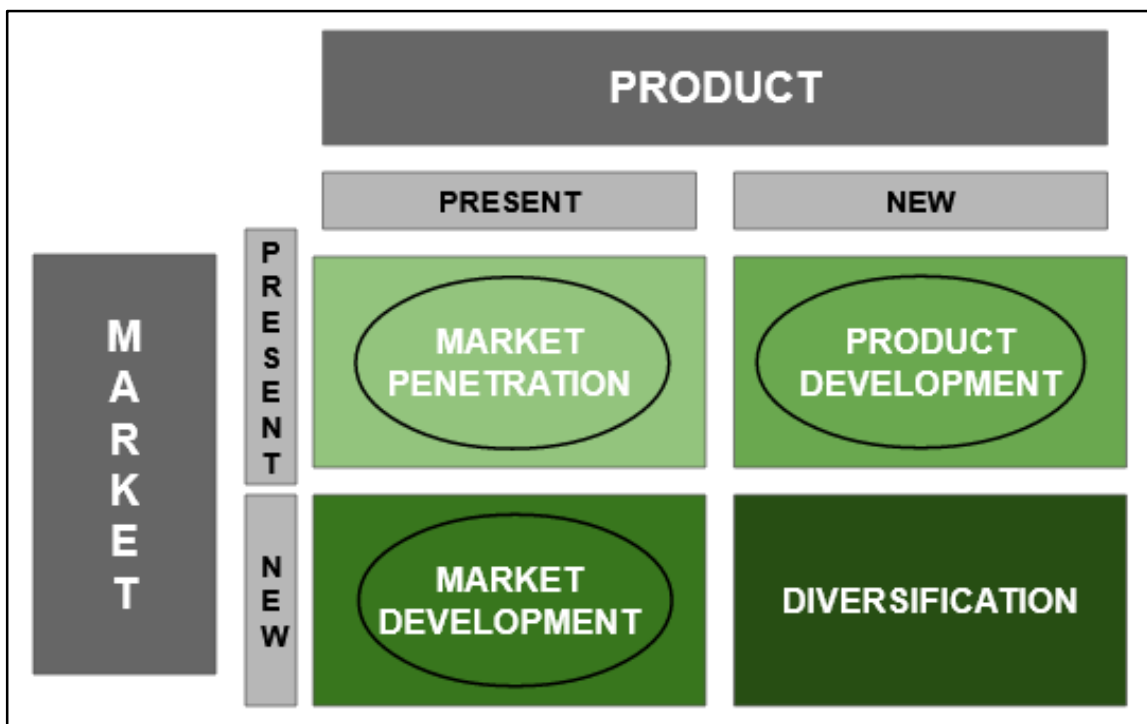
6. MARKETING STRATEGIES

The current strategy of Hortalizas Pascual Berga is to market and distribute fresh and seasonal products from the Baix Maestrat area throughout the national territory through the vast majority of central markets. That is why this section describes the appropriate measures and strategies to achieve the above objectives.

6.1. GROWTH STRATEGY

To analyze the growth strategy to be implemented by Hortalizas Pascual Berga, the Ansoff growth matrix will be used (Figure 21), where products are related to markets.

Figure 21. Ansoff's matrix



Source: Own elaboration

First, the company must carry out the strategy of market **penetration through marketing and promotional activities** to make itself known in those companies that are part of the central markets to which they are currently directed and thus increase sales and increase market share.

Secondly, Hortalizas Pascual Berga must also carry out the strategy of **developing new markets by expanding geographically** to other central markets in the country, especially taking into account the south of Spain where the company still has no customers. On the other hand, the company must also grow through the export of its products by selling to companies in different European countries.

Finally, the new product **development strategy** should be carried out through the production and marketing of the organic product line, taking advantage of the company's market knowledge and brand image. With this, the company would adapt to new consumer preferences and, consequently, increase sales by developing this new type of products to the existing conventional ones.

6.2. COMPETITIVE STRATEGY

This section will analyze the strategies followed by Hortalizas Pascual Berga according to its situation with respect to the environment and competitors.

First, strategy is defined according to Miles and Snow (Figure 22), in relation to how the company acts in the face of market evolution. Thus, there are 4 types of strategies that are classified according to the innovative spirit.

Figure 22. Competitive strategy Miles y Snow



Source: Own elaboration

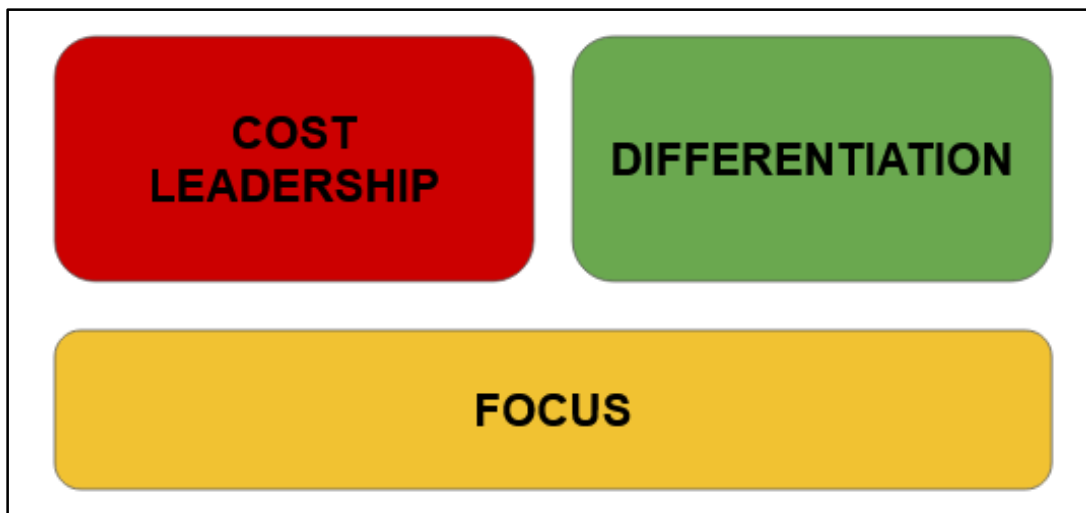
The agricultural market is a very mature sector where the companies that compose it usually have little capacity for innovation compared to other sectors. Even so, Hortalizas Pascual Berga must apply the analytical strategy, as it is clear what its core business is and protects it from other competitors. With this, it should not lose sight of market opportunities such as, for example, launching the new line of organic products through biodegradable packaging.

In relation to the strategy according to the position it occupies in the market in relation to the competition (this classification will be made on the competitors in the form of Benicarló product), Hortalizas Pascual Berga assumes the strategy of challenger. With this, one of the objectives of its manager José Pascual Berga Añó is to expand its market share, trying to attack the leader (Benihort) to take away part of its market share. With this, a good strategy for Hortalizas Pascual Berga is the flank attack, since it has fewer resources than Benihort (leader), being able to attack its weak points, for example, in Mercamadrid or Mercabilbao where Benihort does not have so much presence and importance.

6.3. STRATEGY OF COMPETITIVE ADVANTAGE

To gain a competitive advantage, a company has to decide which strategy to pursue (cost leadership, differentiation or segmentation). Moreover, these strategies are not incompatible with each other, so a company can succeed through a combination of several of them (Figure 23).

Figure 23. Competitive advantage Porter



Source: Own elaboration

On the one hand, Hortalizas Pascual Berga must adopt a **differentiation strategy**. The company has to focus its strategy on a quality, fresh and seasonal product, which differentiates itself from other products from different areas of Spain (such as, for example, the Benicarló Denomination of Origin artichoke). In addition, the differentiation of the Pascual Berga brand, known by the vast majority of the central markets, will help to constitute a sustainable competitive advantage over time, and will be even more so if the brand manages to expand geographically to the markets of southern Spain. It is also

very important for the company to be able to differentiate itself through the distribution of the products, so that transportation is fast and efficient, and with a professional and quality service.

On the other hand, in relation to the range of organic products proposed above, the company should seek **a strategy of focus or specialization (segmentation)** targeting those companies that demand these organic products. In this sense, it should invest heavily in advertising to publicize the brand "Eco Pascual Berga", and market the product through packaging that meets all environmental requirements (e.g., recyclable, reusable, etc.). This is a good opportunity for Hortalizas Pascual Berga because there are no wholesalers in the Baix Maestrat region that sell organic products in the central markets.

7. ACTION PROGRAMS

7.1. SUMMARY OF ACTION PLANS

Table 7. Summary action plans

Actions	Objectives
Action 1: Create an organic product line.	<p>3. To obtain 6 organisational buyers in the organic product segment until 2023.</p> <p>6. To Increase sales by 20% in the next two years.</p>
Action 2: Digital transformation of the productive process.	<p>6. To increase sales by 20% in the next two years.</p> <p>7. To increase profits by 12% in the next 24 months.</p>
Action 3: Online sales of conventional and organic products.	<p>5. To expand the customer portfolio by 20% in the next 2 years.</p> <p>6. To increase sales by 20% in the next two years.</p> <p>7. To ncrease profits by 12% in the next 24 months.</p>
Action 4: To Increase relations with commission agents working with foreign companies.	<p>2. To perform 10 or more exports with companies from European countries in the next 18 months.</p> <p>6. To increase sales by 20% in the next two years.</p> <p>7. To increase profits by 12% over the next 24 months.</p>
Action 5: Main sponsor of Club Baloncesto Benicarló.	<p>1. Introduce the brand in 3 more central markets in the country in the next 12 months.</p> <p>3. To obtain 6 organisational buyers in the organic product segment until 2023.</p> <p>5. To expand the customer portfolio by 20% in the next 2 years.</p> <p>6. To increase sales by 20% in the next two years.</p> <p>7. To increase profits by 12% in the next 24 months.</p>

<p>Action 6: To create website and social networks.</p>	<ol style="list-style-type: none"> 1. Introduce the brand in 3 more central markets in the country in the next 12 months. 2. To perform 10 or more exports with companies from European countries in the next 18 months 3. To obtain 6 organisational buyers in the organic product segment until 2023. 5. To expand the customer portfolio by 20% in the next 2 years. 6. To increase sales by 20% in the next two years. 7. To increase profits by 12% in the next 24 months.
<p>Action 7: Make sales promotions to current customers and schedule visits in Benicarló.</p>	<ol style="list-style-type: none"> 4. To achieve 90% loyalty of current customers by 2022.
<p>Action 8: To make an advertising spot for the organic range to raise awareness of the brand in the core market.</p>	<ol style="list-style-type: none"> 3. To obtain 6 organisational buyers in the organic product segment until 2023. 5. To expand the customer portfolio by 20% in the next 2 years. 6. To increase sales by 20% in the next two years.
<p>Action 9: The visit of a sales representative to the markets in the south of the country to raise awareness of the brand.</p>	<ol style="list-style-type: none"> 1. Introduce the brand in 3 more central markets in the country in the next 12 months. 3. To obtain 6 organisational buyers in the organic product segment until 2023. 5. To expand the customer portfolio by 20% in the next 2 years. 6. To increase sales by 20% in the next two years.
<p>Action 10: To create an application for Android and IOS.</p>	<ol style="list-style-type: none"> 4. To achieve 90% loyalty of current customers by 2022. 6. To increase sales by 20% in the next two years. 7. Increase profits by 12% in the next 24 months.
<p>Action 11: Sponsorship of the Benicarló artichoke festival.</p>	<ol style="list-style-type: none"> 6. To increase sales by 20% in the next two years.

Source: Own elaboration

7.2. PRODUCT DECISIONS

Action 1: Create an organic product line

Objective to which it contributes:

- 3. To obtain 6 organisational buyers in the organic product segment.
- 6. Increase sales by 20% in the next two years.

Execution period: September 2021 - March 2022

Budget: 1.200€

According to the studies and analyses carried out throughout the project, there is a great opportunity to market organic products in the central markets due to the high potential demand from end consumers. That is why it is proposed to have two product lines in the company; the first is the conventional one that the organization currently has, and the second is to create a line of organic products using 25% of the field days that Hortalizas Pascual Berga has for organic production. With this, it is proposed that the name of this line is "Eco Pascual Berga".

Taking advantage of the brand, organizational structure, infrastructure, machinery, distribution, etc. current Hortalizas Pascual Berga, it is proposed that this line of organic products is marketed in the same way in the central markets, making the company the role of producers and wholesalers at source. With this, no major changes or major economic efforts have to be made and the impact that this action will have on the company can be very beneficial.

On the other hand, it should be noted that the packaging of the products of this ecological range should be biodegradable packaging to increase the responsibility with the environment. In addition, it is proposed that the implementation period should be from September to March, i.e. during the winter campaign. The first marketing and distribution of this line (for ease and geographical proximity), and because the market already has a section of organic products, could be Mercabarna (called "Biomarket"), and gradually expand throughout all the central markets of the country.

Figura 24. Biomarket, the organic food wholesale market



Source: Mercabarna

7.3. PRICE DECISIONS

Action 2: Digital transformation of the production process

Objective to which it contributes:

- 6. Increase sales by 20% in the next two years.
- 7. Increase profits by 12% in the next 24 months.

Execution period: July - August 2021

Budget: 2.500€

The market in which Hortalizas Pascual Berga competes is a market of perfect competition. Therefore, the companies are price-accepting. The organization does not have the capacity to influence prices much, nor to adjust the commercial margins according to its production costs.

This is why it is very important to reduce costs in the production process in order to have a greater margin of maneuver in sales and to obtain good commercial margins. In order to automate some of the activities and, thus, reduce costs, a digital transformation in the economic activity in the warehouse is proposed. With this, some of the measures to be implemented are:

- Stock management through **tablets or smartphones** at the entry and exit of products in the cold storage rooms.
- **TV screens** in the warehouse where sales orders to be placed are displayed.
- Receiving orders from customers via **Whatsapp, website or IOS and Android application** in order to save time (except in some specific cases).

If you manage to reduce these costs through this automation, in some products and on certain occasions you can offer slightly lower prices with which to increase sales, or make promotions to current customers in order to make them loyal by having more margin to operate.

Figure 25. Digital Transformation of the production process



Source: Own elaboration from Google Images

7.4. DISTRIBUTION DECISIONS

Action 3: Online products sales

Objective to which it contributes:

- 5. To expand the customer portfolio by 20% in the next 2 years.
- 6. To increase sales by 20% over the next two years.
- 7. To increase profits by 12% in the next 24 months.

Execution period: September 2021 - March 2022

Budget: 250€

The integration of a new distribution channel for the sale of products is proposed. Through the web site, the organizational buyers will be able to visualize every day what products are available in the warehouse and make the purchase (minimum unit of 1 pallet). Once the order has been placed, the company will receive a warning order on the computer which, when accepted by the sales representative, will appear on the TV screens (Action 2) and the employees will place the order. On the same web page, customers will be able to leave their opinions and comments related to the quality of the product and the distribution service until the order has reached its destination. The objective of this action is to save time for the company's employees (with the consequent cost savings) as well as to be able to offer more purchasing channels to customers in order to increase sales and the number of customers. This channel will be used for both the conventional range and the organic range.

Action 4: Increase relationships with commission agents working with foreign companies.

Objective to which it contributes:

- 2. To perform 10 or more exports with companies from European countries in the next 18 months.
- 6. To increase sales by 20% in the next two years.
- 7. Increase profits by 12% in the next 24 months.

Execution period: June 2021 - June 2022

Budget: 1.500€

To start exporting products to European countries, the company must contact commission agents who work with companies outside Spain to make the brand known in Europe and thus make initial contacts with companies abroad. The first and only export the company has made was to Germany a few months ago, so it is important for the company to strengthen its relationship with the commission agent who made this transaction in order to continue growing and exporting in Europe.

With this, it is proposed that in the first sale to each foreign company a promotion with 1 pallet containing all the different types of products that Hortalizas Pascual Berga has to make known the entire product line and increase the chances of getting new sales in the future.

The following are the different countries to which, after prior analysis of the market, geographical proximity, logistics, etc., the company will target in the next 18 months (Figure 26):

Figure 26. Potential export countries for the company



Source: Own elaboration from Google Images

7.5. COMMUNICATION DECISIONS

Action 5: Main sponsor of Club Baloncesto Benicarló

Objective to which it contributes:

1. To introduce the brand in 3 more core markets in the country in the next 12 months.
3. To obtain 6 organisational buyers in the organic product segment.
5. To expand the customer base by 20% in the next 2 years.
6. Increase sales by 20% in the next two years.
7. Increase profits by 12% in the next 24 months.

Execution period: September 2021 - May 2022

Budget: 25.000€

Club Baloncesto Benicarló is a professional team that competes in the third division at national level, called LEB Plata, and plays against teams from all over Spain. It is a very good opportunity for Hortalizas Pascual Berga to be the main sponsor and make the brand known throughout the national territory. With this, the club offers:

- **Team name:** "Hortalizas Pascual Berga Benicarló".
- **Advertising through social networks of the club.**
- **Advertising tarpaulins** at the foot of the court in home games.
- **Advertising spot** in the team's live home games.
- **12 VIP passes** to attend matches in Benicarló.

Figure 27. Main sponsor of the Club Baloncesto Benicarló



Source: Own elaboration

Action 6: To create a website and social networks

Objective to which it contributes:

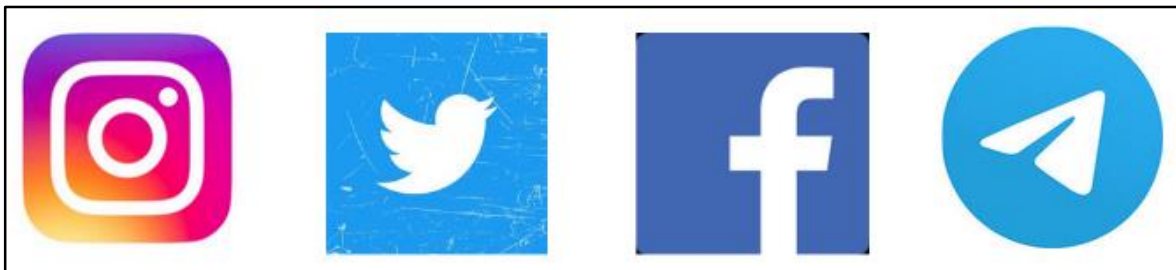
1. Incorporate the brand in 3 more core markets in the country in the next 12 months.
2. To perform 10 or more exports with companies in European countries in the next 18 months.
3. To obtain 6 organisational buyers in the organic product segment..
5. To expand the customer portfolio by 20% in the next 2 years.
6. Increase sales by 20% in the next two years.
7. Increase profits by 12% in the next 24 months.

Execution period: June 2021

Budget: 500€

Social networks and the website are a very important tool for communication and promotion of the company. With this in mind, we propose using the following social networks (Figure 28):

Figure 28. Social networks of Hortalizas Pascual Berga



Source: Own elaboration

Through Instagram, Twitter and Facebook you can hold sweepstakes, promotions, etc., especially focused on the differential products of the bio range. In addition, the company's activity can be shown, as well as news of interest and marketed products. On the other hand, Telegram will be used to make a group with all customers and to pass day by day the available products and news of interest.

Finally, the website will be used to provide information to current and potential customers and a section will be reserved for online sales (Action 3).

Action 7: Make sales promotions to current customers and schedule visits in Benicarló.

Objective to which it contributes:

4. To achieve 90% loyalty of existing customers by 2022.

Execution period: June 2021 - June 2022

Budget: 2.000€

This action is focused on building the loyalty of the company's current customers. To do this, two things are proposed:

Firstly, **to carry out sales promotions**. Thus, price discounts can be made for purchases of large quantities of product, or new products can be offered totally free so that customers can try them.

Secondly, **schedule customer visits in Benicarló**. With this, they can be shown the company's facilities, the production process, the products marketed, the field days where the vegetables are produced, etc. In addition, these visits should be scheduled during the weeks that the Benicarló Basketball Club plays at home and, thus, use the VIPS passes with these customers to go and watch the game, with the aim of continuing to talk and negotiate with the customer.

Action 8: To make an advertising spot for the organic range

Objective to which it contributes:

3. To achieve 6 organisational buyers in the green products segment by 2023.

5. To expand the customer portfolio by 20% in the next 2 years.

6. Increase sales by 20% in the next two years.

Execution period: August 2021

Budget: 1.200€

We plan to make an advertising spot focused on showing the Eco Pascual Berga line. The ad will be broadcast in all games played by Club Baloncesto Benicarló before, during (timeouts and halftime) and after the game (minimum 3 times per game), which is broadcast in streaming through Canal FEB TV (on average there are 1200 viewers watching the game from all over Spain). The spot will also be published both on social networks and on the website. To make this spot, Hortalizas Pascual Berga will be able to use the players of Club Baloncesto Benicarló to appear in the ad, and this is a good opportunity to continue promoting, through the players, healthy habits (both food and physical activity) and healthy living.

Action 9: Visit of a sales representative to the southern markets of the country

Objective to which it contributes:

- 1. Introduce the brand in 3 more core markets in the country in the next 12 months.
- 3. To obtain 6 organisational buyers in the organic product segment.
- 5. Expand the customer base by 20% in the next 2 years.
- 6. Increase sales by 20% in the next two years.

Execution period: July 2021

Budget: 800€

The main objective of this action is to make the brand known in a personal way and get new clients in new central markets of the country. With this, the two product lines of the company must be promoted. The person in charge will have to have a groomed presence and give confidence and security to the different customers with whom he/she has arranged a meeting. In addition, the sales person will bring a product catalog for each product line. She will also provide you with the social networks and explain the operation of online sales through the website.

Figure 29 shows some areas where the company does not yet have a presence and where it is important for the sales representative to visit in order to gain new customers and expand the brand throughout most of the national territory:



Figura 29. Potential geographical areas for Hortalizas Pascual Berga



Source: Own elaboration from Google Images

Table 8 summarizes the areas marked on the map above, as well as the core markets in which the company intends to expand in the next few years.

Table 8. Potential core markets for Hortalizas Pascual Berga

Area	Market	Logo
Badajoz	Mercabadajoz	
Sevilla	Mercasevilla	
Málaga	Mercamalaga	
Murcia	Mercamurcia	

Source: Own elaboration

Action 10: Create an application for Android and IOS

Objective to which it contributes:

4. Achieve 90% loyalty of existing customers by 2022.
6. Increase sales by 20% in the next two years.
7. Increase profits by 12% over the next 24 months.

Execution period: June 2021**Budget:** 750€

In recent years, technology has advanced a lot and has caused great changes in the business world, even in those more mature sectors such as the agricultural sector. Above all, one of the most important growths has been the use of smartphones in working life, and creating an application for Android and IOS is a very useful tool to increase interaction with customers, so that they are informed of everything related to the company. With this, the proposed application has the following functions:

- Daily consultation of the available **product portfolio**.
- **Online purchase** section.
- Show the products that have **promotions** day by day.
- **Contact** with the company's personnel.
- **Customer opinions** section.
- Links to **social networks and website** for easy access.
- **Location** of the store through Google Maps.
- **Promote the range of organic products**, making offers for customers to try the product.
- **News** section related to the company.
- **Advertising spot promoting Eco Pascual Berga**.
- **Club Baloncesto Benicarló section:** sponsorship, related news, benefits sought, etc.

The main objective of this application is to create good relational marketing between the company and customers in order to build customer loyalty, as well as increase sales through promotions and offering updated product information and, consequently, increase the company's profits in the medium / long term.

Action 11: Sponsorship of the Benicarló Artichoke Festival

Objective to which it contributes:

6. To increase sales by 20% in the next two years.

Execution period: January 2022**Budget:** 3.000€

The Benicarló artichoke festival is a very important event that takes place at the end of January in Benicarló. Many people from all over Spain visit this town during that weekend to enjoy and taste the artichoke Denomination of Origin. Therefore, it is proposed to sponsor this festival in the year 2022, a good opportunity to continue making visible the Pascual Berga brand and, in addition, taking advantage of the fact that the festival is of the artichoke, one of the star products of the company. Therefore, it is proposed to organize during that weekend:

- **A stand of the brand** Hortalizas Pascual Berga where 3 grilled artichokes will be sold to eat at noon at a price of 1 € in the Plaza Constitución.
- Organize a **talk explaining** the characteristics of organically produced artichokes and promote the new line of organic products of the company.
- **Offer very low prices to restaurants** during the month of January in exchange for promoting Hortalizas Pascual Berga in their artichoke tasting menus.

Taking advantage of the fact that during the month of January the restaurants make artichoke tasting menus, it is proposed to invite important customers to visit Benicarló during these dates and invite them to eat in those restaurants that are cooking with artichokes from Hortalizas Pascual Berga.

8. TIMELINE

Once the proposed actions have been explained, the timetable showing the beginning and end of each of these actions is shown.

Table 9. Timeline

Actions	J	J	A	S	O	N	D	J	F	M	A	M
	u	u	u	e	c	o	e	a	e	a	p	a
	2	2	2	2	2	2	2	2	2	2	2	2
	1'	1'	1'	1'	1'	1'	1'	2'	2'	2'	2'	2'
Action 1: Create an organic product line.												
Action 2: Digital transformation of the production process.												
Action 3: Online product sales.												
Action 4: Increasing relations with commission agents (foreign orgs.)												
Action 5: Main sponsor of Club Baloncesto Benicarló.												
Action 6: To create a website and social networks.												
Action 7: Make sales promotions to current customers and schedule visits in Benicarló.												
Action 8: To make an advertising spot for the organic range.												
Action 9: Visit of a sales representative to the southern markets of the country.												
Action 10: To create an application for Android and IOS.												
Action 11: Sponsorship of the Benicarló artichoke festival.												

Source: Own elaboration

9. BUDGET

Table 10. Budget

Actions	Description of expenses	Budget
Action 1: Create an organic product line.	Purchase of biodegradable packaging and training of workers.	1.200€
Action 2: Digital transformation of the production process.	Purchase of tablets, TV screens and software.	2.500€
Action 3: Online product sales.	TPV Virtual.	250€
Action 4: Increasing relations with commission agents (foreign orgs.)	Product promotions to foreign companies.	1.500€
Action 5: Main sponsor of Club Baloncesto Benicarló.	Sponsorship agreement.	25.000€
Action 6: To create a website and social networks.	Management costs for setting up the website.	500€
Action 7: Make sales promotions to current customers and schedule visits in Benicarló.	Expenses arising from customer visits: accommodation, meals, etc.	2.000€
Action 8: To make an advertising spot for the organic range.	Image and sound costs: outsource to an external company.	1.200€
Action 9: Visit of a sales representative to the southern markets of the country.	Accommodation, subsistence and transport costs (5 days).	800€
Action 10: To create an application for Android and IOS.	Pay a specialised external company to create the application.	750€
Action 11: Sponsorship of the Benicarló artichoke festival.	Sponsorship agreement.	3.000€

TOTAL BUDGET	38.700€
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Source: Own elaboration

10. CONTROL

Table 11. Control

Objectives	Measuring frequency	Control Method
1. Introduce the brand in 3 more central markets in the country in the next 12 months.	Four-monthly	Number of new core markets the company sells to.
2. To perform 10 exports or more with companies in European countries in the next 18 months.	Half-yearly	Number of exports to European countries.
3. To obtain 6 organisational buyers in the green products segment by 2023.	Quarterly	Number of customers to whom the company sells organic products.
4. To achieve 90% loyalty of existing customers by 2022.	Yearly	Review the number of current customers who continue to buy in the following year.
5. To extend the customer portfolio by 20% in the next 2 years.	Half-yearly	Review the total number of customers the company has.
6. To increase sales by 20% in the next two years.	Four-monthly	Review current income and compare it with previous years.
7. To increase profits by 12% in the next 24 months.	Yearly	Review current benefits and compare with previous years.

Source: Own elaboration

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