ISCTE Business School
INSTITUTO UNIVERSITÁRIO DE LISBOA

# OUROGAL'S INTERNATIONAL EXPANSION PLAN

Rafael Manuel Valente Fernandes de Matos

Project submitted as partial requirement for the conferral of Master of Science in Business Administration

**Supervisor:**

Professor Luís Martins, ISCTE Business School, Marketing, Operations and General Management Department

October 2019

# ACKNOWLEDGEMENTS

As important as the person who writes the study, the people that are around the author can be considered the project's key success factors, as they strongly influence the project outcome.

Firstly, I want to thank my supervisor Professor Luís Martins for his dynamic and passionate classes, which woke me up for these topics that are a pleasure to study, and for his availability, feedback and patience throughout the product development.

Secondly, I must manifest my deep appreciation to Ourogal, namely the Engineer André Luíz-Lopes, not only for providing the crucial data that made this project possible, but mostly for all the trust, openness and knowledge he has passed in every conversation we had.

A special thanks to all my Jerónimo Martins' OMT colleagues, especially Bernardo Castro, João Costa, João Neves and Mateo Méndez Delgado for the final push.

To my father Sérgio, my mother Luísa, my grandmother Joaquina and my sister Filipa, I owe a massive thank you for the comprehension they all had every time I constrained our family life due to this project. I also have to thank them for all the support, education, teachings and values they have given me so far.

My last acknowledgement is dedicated to my girlfriend Inês, to whom I show my utmost respect for all the help, support and stability you provided me during this time. Thank you for all the outbursts, ideas, solutions and above all the patience you had throughout this year. I could not have finished this project without you. This work is also yours.

# INDEX

# I. GLOSSARY

**AED –** Emirati Dirham

**CIF** – Cost, Insurance and Freight

**EF** – Education First

**EUR** - Euro

**EVOO –** Extra Virgin Olive Oil

**GCC** – Gulf Cooperation Council

**GDP** – Gross Domestic Product

**ICT -** Information and Communications Technology

**IMF –** International Monetary Fund

**MCDA –** Multiple Criteria Decision Analysis

**OO –** Olive Oil

**OEC** – The Observatory of Economic Complexity

**PDO** – Protected Designation of Origin

**PET -** Polyethylene terephthalate

**PPP** – Purchase Power Parity

**SKU** – Stock Keeping Unit

**USD** – United States Dollar

**VAT** – Value Added Tax

**VOO** – Virgin Olive Oil

# II. TABLES INDEX

# III. CHARTS INDEX

# IV. FIGURES AND ILLUSTRATIONS INDEX

# 1. RESUMO

Este plano de expansão internacional foi desenvolvido sob o objetivo de oferecer uma opção de expansão viável à Ourogal S.A, uma empresa familiar focada na indústria da olivicultura, que produz, transforma e vende azeite *premium* e *gourmet* em Portugal, no Brasil, no Reino Unido, em França, na Suíça, e recentemente nos Estados Unidos da América.

De modo a cumprir com o objetivo proposto, inicialmente foi executada uma Análise de Decisão Multi-Critério que avaliou vários potenciais mercados, sob um conjunto de critérios definidos em função das preferências e das caraterísticas da Ourogal, que permitiram a escolha do mercado alvo: os Emirados Árabes Unidos.

O passo seguinte foi analisar o mercado Emirati como um todo, assim como o seu mercado de azeite. Foi também executado uma análise competitiva de modo a perceber como a empresa se deveria comportar neste ambiente.

Depois de todas as análises terem sido realizadas, foi desenvolvido um plano customizado de exportação direta de modo a responder às caraterísticas do país, tendo em conta as dimensões do Marketing-Mix. Após a execução da estratégia para o novo mercado, foi executada a análise financeira do projeto que mostrou que o esforço feito nos Emirados seria lucrativo, e consequentemente o objetivo inicial do projeto seria alcançado.

Antes de terminar o estudo, foi construído um Plano de Implementação que assegurasse que todo o plano seguiria a direção correta, tendo em conta as prioridades e os tempos do projeto, e finalmente trazer boas perspetivas ao futuro da Ourogal.

**Palavras-Chave:** Marketing Internacional; Plano de Expansão Internacional; Azeite; Segmento Premium; Segmento Gourmet; Exportação Direta; Análise de Decisão Multi-Critério; Emirados Árabes Unidos

**Codificação JEL:** M10 – General Business Administration; M16 – International Business Administration; M31- Marketing

# 2. ABSTRACT

This international expansion plan was developed under the objective of offering a viable expansion option to Ourogal S.A., a family-owned business focused in the oliviculture industry, that produces, transforms and sells premium and gourmet olive oil in Portugal, Brazil, the United Kingdom, France, Switzerland, and recently the United States of America.

To accomplish the proposed objective, initially it was performed a Multiple Criteria Decision Analysis that assessed several potential markets, under a set of criterion defined by Ourogal's preferences and features, which enabled the choice of the target market: The United Arab Emirates.

The next step was analysing the Emirati market as a whole, as well as its olive oil market. It was also executed a competitive analysis to understand how the company should behave in this environment.

After all the analysis were carried out, a customised direct exportation plan was developed to address the country's characteristics concerning the Marketing-Mix dimensions. Following the execution of the strategy for the new market, it was performed the project's Financial Analysis that showed the company's endeavour in the Emirates would be profitable, and consequently achieve the initial objective of the project.

Before finishing this study, it was also built an Implementation Plan that ensures the whole plan will move in the right direction regarding the project's priorities and timings, and ultimately bring good prospects to Ourogal's future.

**Key-words:** International Marketing; International Expansion Plan; Olive Oil; Premium Segment; Gourmet Segment; Direct Export; Multiple Decision Criteria Analysis; United Arab Emirates

**JEL Codes:** M10 – General Business Administration; M16 – International Business Administration; M31- Marketing

# 3. EXECUTIVE SUMMARY

The Portuguese olive oil market is small and mature, where there is no space for small companies to become big. If on one hand Azeite Gallo and Oliveira da Serra, two of the biggest global players, control a great share of the market, on the other Portugal is a small market due to our demographic characteristics.

Nowadays firms can no longer look exclusively to the domestic markets, as we live in a globalized world. If Small and Medium-Sized companies want to growth as much as their ambitions, their path must be their internationalization.

Thus, the objective of this project is to develop an international expansion plan which can offer an applicable expansion option to help Ourogal S.A., a century-old business, to grow their operations to another location and consequently grant a prosperous future to the firm.

Ourogal is a family-owned business centered in the oliviculture business. Their activity is based on olive production and the transformation of that raw material into fine olive oils that are targeted for the premium and gourmet market segments. Ourogal's portfolio of products consists of six extra-virgin olive oils, which are the *Millenarium*, the *Delicat*, the *Centenarium*, the *Authentic*, the *Equilibrium* and the *Organic* (the first two are not being produce currently), one virgin olive oil, the *Mediterraneum*, and the vinegars (Red, White and Balsamic).

These days, Ourogal's operations are centered in four markets, the Portuguese, the Brazilian, the European, which is composed by exports to the United Kingdom, France and Switzerland, and more recently the United States. The company has sold, in 2018, EUR 1.108.996,91 and estimates to sell EUR 1.552.595,68 the current year.

In order to develop the plan, the first stage of this study is the market selection. The study uses a Multi-Criteria Decision Analysis, which used different criteria based on Ourogal's characteristics and preferences. Considering those preferences only emergent countries were considered. The First Exclusion Criteria among all these counties, besides the markets Ourogal already exports, was the purchasing power. By the time we reached the Preliminary Screening there were only 11 countries that were assessed using a set of different variables comprised by 3 groups, the Macro Indicators, the Level of Competition and the Language. The Fine Grant Screening, which was stricter, was applied to 8 countries, which scored higher than the standard in the previous screening. These were evaluated by several indicators aggregated in 2 different groups, Country Attractiveness and Doing Business Internationally. After this screening, the highest ranked market was the United Arab Emirates, that was analyzed, and to which was developed a strategic plan.

The analysis of the Emirati market was based on a PESTEL Analysis, under which examined various indicators and data related with political, economic, social, technological, environmental and legal environments. Moreover, the UAE's olive oil market was studied regarding the market share of each import country, the import value and quantity, as well as the price per litre. Portugal is only the 10$^{th}$ exporter to the UAE, however since 2015 their import values have grown exponentially.

Furthermore, it was carried out a competitive analysis, using a SWOT Analysis, that crossed the strengths and weaknesses of the company, and looked for opportunities and threats in the market, with the objective of understanding how the company should behave in the new market.

Following this analysis, a strategic plan started being developed. It started by the choice of entry mode, which lied on the direct exportation. Then it was performed a segmentation that enabled to develop a target persona, which is characterized by have more than 20 years-old, high purchasing power and living in one of Emirati's three biggest cities (Abu Dhabi, Dubai and Sharjah). Concerning the target, Ourogal's products have already premium and gourmet quality and will remain targeting the same segments.

When it comes to Marketing-Mix, the project developed and adapted this plan to the Emirati market. Concerning the Product, after a benchmark on the retailers' offer, it was decided to export only the *Centenarium* (1,5L), the *Authentic* (0,5L), the *Organic* (0,5L), the *Equilibrium* (0,5L) and the *Mediterraneum* (5L). Regarding the Price, the plan works under a skimming price strategy and the products range price will be situated from EUR 35,85 to EUR 7,76, contemplating a slight decrease in price every year. Respecting the Place, and because Ourogal will not have physical facilities in the country, a distribution partner will be required. Among several options, Emirates Snack Foods LLC was the chosen one, which will be responsible to place the products in selected premium and gourmet retailers, namely Ripe Organic Farm Shop, Organic Farm and Café, Milk and Honey, Jones the Grocer and Wheatfields Gourmet Grocer and Café. Lastly, the Promotion will be conducted in 5 stages (Awareness, Engagement, Knowledge, Preference and Growth) that were built along with their activities to attract clients, educate consumers and create loyalty to the brand, ensuring a sustainable growth of the brand in the Emirates.

Defined the strategic plan, the financial viability of the project was then analyzed. Regarding revenues, in the first year of exportation the sales will be EUR 62.996,66. After four years, the sales will have increased to EUR 405.253,8. Concerning the net income after taxes, in the first two years of activity the results will end on an aggregated loss of EUR 23.793,22. However, from 2021 onwards the results turn into positive (EUR 23.655,26), yet not enough to breakeven, point that will be reached in 2022, when the accumulated gain is projected to be EUR 80.219,92. By the end of the fifth year, Ourogal will be able to profit EUR 303.038,28 and gain an aggregate value of EUR 538.689,78 over 5 years. All in all, this new market was proven to be profitable to Ourogal.

Lastly, it was developed an Implementation Plan to ensure that every step and timing of this project will go according to what was planned previously, granting success to this endeavor and to Ourogal’s future.

# 4. DEFINITION OF THE PROBLEM CONTEXT

The Portuguese olive oil market is very competitive, since not only there are a lot of olive oil producers selling almost the same type of products, but it is also controlled by two big brands, Azeite Gallo and Oliveira da Serra, setting a challenge for smaller companies that is selling their products. Thus, the Small and Medium-sized Enterprises (SME) may find a solution to this challenge in foreign markets.

In line with the previous topic, "most companies would prefer to remain domestic if their domestic market were large enough" (Kotler & Keller, 2012: 597). The Portuguese market does not possess that characteristic, so nowadays one of the few solutions for SMEs in the olive oil industry to seek prosperity is to export their products to foreign and less competitive markets.

We live in a globalized world where businesses are borderless. Countries and companies benefit tremendously with the proximity between countries in every level. However, some threats may arise from this situation. In 2003, Kotler stated that if a company controls only its domestic market, it will probably lose its dominance over the threat of foreign competitors, which will enter the market and challenge it (Kotler, 2003).  Putting in other words even if a company does not want to be part of the internationalization process, they cannot escape the effects of it (Ghauri & Cateora, 2014).

There are many economic, political and social reasons that are continuously shaping the international business sphere, but some might be considered more influencing than others. Among those reasons we can find the "interdependence of the world economies; the rapid growth of free trade areas; the increase wealth and purchasing power almost worldwide; the evolution of large emerging markets; the job shift in services from Western to emerging markets; the transformation of Internet role to a big tool for business; the availability of more advanced methods of communication and transportation; and finally the increased awareness of ethical issues and social responsibility" (*ibidem*: XIII and I/2).

Deriving from these reasons there are several factors that companies can benefit from by going abroad, such as the fact that some international markets present better profit opportunities; companies can diversify their risks, reducing the dependence on one market; companies can get a larger customer base to achieve economies of scale; companies counterattack global competitors in their home markets; and lastly customers are going abroad and require international service (Kotler & Keller, 2011).

Today the brand *“P”* of Portugal regarding Portuguese external credibility and external image is worth 160 billion € (Dinheiro Vivo, 2018). This allied with the European Union and Governmental efforts promoting programmes that help companies to grow makes the internationalization subject even more appealing for Portuguese firms to board on this trend and go abroad.

Considering that, I will develop my project in collaboration with a SME, and its main objective is to help them to expand, solving the above-mentioned challenges, which I believe it is a pressing problem. I intend to make my study by finding, through a multiple-criteria decision analysis, a new market to place their products, enabling them to implement and replicate my work while they seek for future growth.

# 5. LITERATURE REVIEW

## 5.1 INTERNATIONAL STRATEGIC MANAGEMENT

International Strategic Management (ISM) may be characterized as a field of strategic management that "deals with the major intended and emergent initiatives, including cross-border initiatives, taken by general managers on behalf of owners, involving utilization of domestic and/or foreign resources to enhance the performance of firms in the international environment" (Eden *et al*., 2010: 60).

### 5.1.1 Strategic Orientation and Organizational Structures

Firms alone cannot generate value, so they adopt certain actions to increase economic sustainability in order to maximize their value for the shareholders. Those actions are the firm strategy (Johnson, 2006).

Entering foreign markets is one possible strategy, and consequently firms must figure out which strategic orientation to follow. They have to decide how many countries they want to be in and how many market segments they want to be present, meaning they either follow a regional strategy or a global strategy.

In the regional strategy, companies focus their operations domestically or in geographically close countries in order to adopt a standardised approach in all the markets. On the other hand, a firm following a global strategy spreads its activities across a great number of countries and regions. It not only seeks to sell standardised products, but it also tries to balance the uniformity with the customization of its products to address the local needs (Verbeke and Kano, 2016).

Related to these two strategic options comes along four big strategies that will draw the company's international path: the Localization Strategy, the Transnational Strategy, the International Strategy and the Global Standardization Strategy. Although the choice of strategy will be conditioned by cost and local responsiveness pressures. Firms pursuing the localization strategy center their activity on customizing the products they sell to different domestic markets according to the markets' taste. Furthermore, if firms follow the transnational strategy they will try to differentiate their offer in foreign markets at the same time they seek to reduce the production costs by manufacturing abroad in knowledgeable and cheaper countries. Companies employing the international strategy usually produce to sell in their home market. However, when they have surpluses they sell them to international markets with minimum customization. Lastly, firms pursuing a global standardization strategy pretend to sell their non-customized product to the maximum number of countries they can, while always looking for low-cost opportunities no matter its place on the company's value chain (Hill, 2012).

Regarding firm's international organizational structure, it can whether be an export department, an international division or a global organization, depending on how big the company is and its commitment to the internationalization strategy. Normally, smaller companies only have export departments that are uniquely focused on sending products to foreign markets. As the sales grow, the same department may enlarge its duties to include marketing services. When companies get bigger, they often create an international division, which has its own budget, objectives and is accountable for the firm's international growth and success. Besides, there are huge enterprises that have become real global organizations. Their vision, mission and values are aligned, as well as they share the same policies, production and logistical facilities worldwide (Kotler and Armstrong, 2012).

### 5.1.2 Going International: Where and How

Deciding which markets to enter is not an easy task. Some companies plan to stay small internationally, exporting only the surplus of stock to external markets. Others have greater plans, seeing the international scene as their main business rather than the domestic market. Nonetheless, they should all be careful deciding how many markets to enter. They may incur on the error of expanding too much and too quickly for their capabilities. Apart from assessing the best way to do it, the two most used approaches to enter new markets are the waterfall approach, in which the company penetrate one country at the time, and the sprinkler approach, in which the company enters many countries at the same time (Kotler and Armstrong, 2012; Kotler and Keller, 2011).

Before choosing the country, firms should analyse several criteria such as the country's attractiveness, as well as geographical, socio-economic, political and demographic factors. Usually, the crucial reasons for choosing are the market size and development in which firms look for lower levels of competition. Another reason is market similarity because the costs of entry and marketing operations will be lower, as they can almost be standardized due to the resemblances between markets (Kotler and Armstrong, 2012; Miečinskienė *et al.*, 2014).

Concerning the entry modes on foreign markets, the literature presents three big modes that differ among them by four dimensions: control; dissemination risk; resource commitment and flexibility. The control dimension refers to the level of responsibility the firm desires to possess in new market's operations. The dissemination risk dimension points the level of exposure the firm has, that its new market partner will get appropriate any proprietary knowledge. The resource commitment dimension indicates the extent of human, financial and physical resources the firm pretends to employ in the market. Finally, the flexibility dimension refers to the ability of the firm to adapt to possible changes in the new market environment (Driscoll and Paliwoda, 1997).

There are several entry mode choices separated in three big segments, which are Exporting, Contracting or Investing as shown in the following table.

**Table 1. Entry Modes**

| | |
|---|---|
| **Exporting** | Direct Export |
| | Indirect Export |
| **Contracting** | Licensing |
| | Franchising |
| | Manufacture Contracts |
| **Investing** | Acquisition |
| | Joint Venture |
| | Foreign Direct Investment |

**Source: Driscoll and Paliwoda, 1997**

Exporting is normally the first mode a firm resorts when entering a foreign market, due to its simplicity. Firms that export, manufacture their products domestically or in a third country and sell them overseas directly or indirectly. The indirect export is a less risky and less expensive mode. It depends on an intermediary that works in the new market, possessing all the know-how the company needs to make no mistakes. The intermediary does the deals for the company and charges a commission on the goods transaction. On the other hand the firm does not have an investment in a marketing organization overseas. The direct export mode is the same as indirect, but without the need for intermediaries. The company does all the legal and marketing work in the new market making it riskier and more financially committed than the other type. Even though if the business goes well, in the long run the investment will pay off.

The Contracting may be divided into several different types of entry modes but the three most common are the Licensing, the Franchising and the Manufacture Contracts. These agreements usually happen when a firm has a certain competitive advantage but cannot capitalize it due to a lack of resources. Licensing occurs when the company (Licensor) agrees to share certain property rights with a foreign company (Licensee). In return the licensee pays royalties to the licensor. Although the licensor has few control over the operations occurring in the foreign market, it has entered a new market with low risk attached. Franchising is similar to the Licensing but more complete. The Franchisor sells the entire brand concept and operations know-how that the Franchisee only needs to implement to have granted success and profits. Manufacture Contracts are nothing more than firms paying foreign companies to manufacture their products. However this mode has a low level of control over the production that may lead to loss of quality and profits.

The Investing modes have in common the control or ownership of a firm in a facility overseas. The most used types when it comes to investing abroad are the acquisition, the joint venture and the foreign direct investment. Briefly, acquisition occurs when a company buys the stock of a foreign company gaining its control. The mode enables companies to establish in the new market quite rapidly. A joint venture involves the two firms joining forces to set a third company in the foreign market, which they will share the control, many times due to economic or political reasons. Lastly, Foreign Direct Investment is seen as the most resource committed entry mode as it consists on starting new investments and build facilities in the host market. Despite being a very risky strategy, the firm faces the possibility of improving its image in the market and reducing its costs by having access to cheaper labour and government incentives (Driscoll and Paliwoda, 1997; Kotler and Armstrong, 2012; Kotler and Keller, 2011).

## 5.2 INTERNATIONAL MARKETING

"International Marketing is the performance of business activities that direct the flow of a company's goods and services to consumers in more than one nation for a profit" (Ghauri and Cateora, 2014: I/8). Although marketing concepts are commonly applicable throughout the world, its implementation may differ considerably between countries, and that is when marketers struggle. Their challenge is to adapt the controllable elements to the environment's uncontrollable elements in order to meet the firm's initial objectives.

The marketing controllables are the elements a marketer can change and adapt depending on the problem the foreign market causes, the product, the price, the promotion and place. The agility to adapt the marketing-mix to those issues will determine the success a company has in the new market.

The marketing uncontrollables may be distinguished in domestic and foreign uncontrollables. Domestic uncontrollables are circumstances in the native country that may compromise the success of a company abroad, like political instability or the economic situation. Foreign uncontrollables are the new environment elements that may affect the operations of the firm in that territory. Adding to the political, legal and economic constraints, firms may also encounter cultural problems, demographic problems and different consumer behaviours or levels of technology. Facing these situations marketers fight to identify and work around these issues, which is not always easy because many times they hold an "alien status".

This "alien status" is closely related to the reference marketers have that their culture is the solution to the difficulties they face in a country with a different culture. The inability of a manager to see the events as they are, in the culture's perspective is called the self-reference criterion. The only way to surpass this fact is to recognise the existence of it, and try to keep away from it (Ghauri and Cateora, 2014).

### 5.2.1 Adaptation vs Standardization

In International Marketing (IM), companies must decide whether they want to operate using a standardized marketing-mix or whether they prefer to adapt their marketing-mixes to the foreign markets.

The adaptation strategy believes that by tailoring their products companies have better chances to succeed in different markets (Vrontis and Kitchen, 2005). Often firms face political, legal, environmental and cultural constraints that oblige them to adapt not only the products, but all the marketing-mix elements to the target country's regulations and standards. Some of the reasons that can lead companies to pursue this strategy are the level of development of the market, the economic differences, the culture, the competition and the level of technology (Vrontis *et al.*, 2009).

On the other hand standardization strategy perceives the markets as global and growing in homogeneity. Through that vision firms following this approach seek for economies of scale, since they believe that guarantees prosperity to the firms. Among the reasons that may lead firms into a standardization approach, the most prominent are the opportunity of global uniformity and image, the consistency with the flexible consumer, the easiness of planning and control and lastly the stock cost reduction.

The path to success may only be achieved using both strategies' elements. Companies should not only standardise some marketing strategies, but also adapt the same strategies in some market to meet their effective needs (Vrontis and Kitchen, 2005).

### 5.2.2 Marketing-Mix Adjustments and Entry Modes

There is a wide range of adjustments that can be done to the product, price, promotion and place. Among the adaptations in the product the most evident are the changes in the brand name, the packaging, the size and the colour. Regarding price, some of the changes might be discount allowances or price changes. Concerning the promotion of the products, there might occur adjustments in the advertising, sales promotions and public relations. Lastly, regarding placement, there may be adjustments done to the distribution channels to compensate for the differences that may exist between the countries channels.

Furthermore, some entry modes favour more the marketing-mix adaption strategy than others. Related to the product, entry modes such as franchising or licensing standardise more its products than other modes because they have to respect what is written on the contract since the parent brand detains patents and follows certain requirements. On the opposite, indirect exporting and foreign direct investment enjoy some flexibility and end up to be more likely to adapt the products to the market needs. The price is the most adjusted element in the marketing-mix. However, in entry modes like direct and indirect exporting and foreign direct investment such adaptations are more noticed than in others. Normally when it comes to placing and distribution, firms either follow the adaptation strategy and the standardisation strategy depending on the market. In markets with significant differences in market development, market conditions or culture, firms use the adaptation approach. An entry mode that favours this approach is foreign direct investment. On the other hand, when markets are more similar, companies usually standardise their placement and distribution, like it is mainly done in indirect exporting. Regarding promotion, the second most adapted factor of the marketing-mix, the adjustments are more evident because they have to meet the local culture, the legal demands and media requirements. Even though more or less every entry modes adapt their promotions, the most adaptive is the foreign direct investment, followed by the indirect and direct exporting, franchising and licensing (Vrontis and Kitchen, 2005).

## 5.3 FAST-MOVING CONSUMER GOODS

### 5.3.1 Overview

The Fast-Moving Consumer Products (FMCG), also known as Consumer Packaged Goods (CPG) in the United States, or even Convenience Products are frequently purchased at a cheap price and rapidly consumed (Leahy, 2011).They are known for being available in many retail locations to facilitate the access to them, for its very little buying effort (Kotler and Armstrong, 2012), and also for being easily replaced by a substitute or a competitor (Dibb *et al.*, 2005). FMCG are part of a big group called Consumer Products and they are divided into four categories: Convenience Products, Shopping Products, Speciality Products and Unsought Products. They consist of products and services that are acquired by the final consumer for personal consumption (*ibidem*) and differ in the way they are purchased and marketed (Kotler and Armstrong, 2012).

### 5.3.2 Industry

"FMCG Industry is characterized by a well-established distribution network, low penetration levels, low operating cost, lower per capita consumption […]" (Srinivasu, 2014: 8423). The industry is composed by the production, the marketing and the distribution, as well as the relations among them. Due to the nature of the products and the fierce competition in this sector, the global trend is that companies very often do sales promotion to make their products stand out.

Regarding the placing of the products, customers may find them in every retail format existent. From the early retail channels such as grocery stores, outdoor markets, to the more recent channels such as the supermarkets, the hypermarkets or online shopping.

This activity is tremendously important in world economies because not only it represents a big part of people's budgets, but it also comprises "the daily and more basic needs of consumers" (Srinivasu, 2014: 8424). For this reason, governments are always extremely cautious when it comes to legislate the sector (*ibidem*).

### 5.3.3 Characteristics

"FMCG product categories comprise of food and dairy products, pharmaceuticals, consumer electronics, packaged food products, household products, drinks and others" (Srinivasu, 2014: 8422). This category of products possesses certain features that make them easily identifiable.

**Table 2. FMCG Characteristics**

| | |
|---|---|
| 1. Marketed and sold in retail outlets | 2. Extremely competitive markets |
| 3. Invisible customers | 4. Lack of brand loyalty |
| 5. Easily replaceable | 6. Lack of personal content |
| 7. High perceived parity among brands | 8. Somewhat perishable inventory |
| 9. Importance of shelf quality and life | 10. Constant purchase cycles |
| 11. Impulse buying | 12. Package importance |
| 13. High-volume, low-value transactions | 14. High fixed costs, low variable costs |

**Source: Hlavinka and Gomez, 2007**

As stated above these products are marketed and sold in every retail location possible, from street markets to hypermarkets or even online (Dibb, 2005; Srivinasu, 2014). The competition is huge, the generic brands are even more feared than the classic ones (Hlavinka and Gomez, 2007). Although the competition is visible, the customers are not, leading to a serious problem which is brand loyalty. It happens because brands cannot track consumer behaviour and mainly because brands don't sell the product directly to the consumer, but to the retail channels. Also the products are easily replaceable by other competitors since they lack personal content. This derives from the fact that the customers besides the packaging and the price don't perceive differences among products from different brands (Hlavinka and Gomez, 2007; Leahy, 2011). Another characteristic FMCG possess is the somewhat perishable inventory. Even though some may have to be consumed in a few days after its production, other may have a bigger expiration date that carries another concern for brands, which is the shelf quality and life, since every brand want to extend it (Hlavinka and Gomez, 2007; Athanasopoulou *et al.,* 2015). As a result of the perishability of the products and the impulse buying from the customers, FMCG end up having constant purchase cycles (Hlavinka and Gomez, 2007; Kotler, 2003). At this point the package plays an important role in the game, because it not only conserves the products, provides brand identification, but it also makes the products appealing to the impulsive customers making the product stand out from the competition (Hlavinka and Gomez, 2007). Due to the nature of these products they "operate in a high-volume, low-value transaction environment" (Hlavinka and Gomez, 2007), therefore, they present high fixed costs but low variable costs. Here the technology is crucial, since it provides the advances in all areas of the industry necessary for brands to remain competitive (*ibidem*).

### 5.3.4 Challenges

It is not a novelty that FMCG products are easily substituted and that there is very little brand loyalty in this industry mostly because of the product's nature. Nonetheless this issue cannot be only attributed to the nature of the products. It is common for FMCG marketers to overcome the loyalty problem with short-term promotions instead of building relationships with the customers. Companies tend not to care for the unreachable customers because the strategies marketers use are simple, easy to implement and they effectively work giving companies market share points (Hlavinka and Gomez, 2007).

From the customer's point of view, they feel that companies don't care about them as individuals, and when they are approached by a firm they tend to be sceptical and often avoid collaborating as they believe companies only try to reach them to collect information for their own benefit. Thereby customers stay away from relationships with FMCG brands, making their work a lot more difficult (Lamey *et al.,* 2018).

However the customer's attitudes are easily changeable, and there are two approaches brands can adopt. The first is the relationship model. This path proposes to turn the sceptic customers loyal to the brand by continuous dialogue campaigns in which both parts expect to have equal gains, being its value previously determined by the customer.

If brands prefer not to spend their resources on building relationships, the only viable alternative is to understand why consumers buy their products and strengthen customer’s loyalty by enhancing and improving the inherent motives. In order to do so, companies should follow the retail-centric model that recognizes the role of the retail partners on the identification of such values, and work beside them to improve those values and increase consumer’s loyalty to the brand (Hlavinka and Gomez, 2007).

## 5.4 OLIVE OIL

### 5.4.1 Sector Overview

Olive Oil is the most traded product associated with the Mediterranean (Anania and D’Andrea, 2007). Its biggest producer is the European Union (EU), more specifically Spain, Italy and Greece, which is also the biggest consumer worldwide. These three countries not only are important because they are the biggest producers and consumers, but due to that status they are also able to control the economy around the sector by establishing the prices for olive oil, influencing the rest of the world. To non-Mediterranean countries it is only attributed 2,5% of world production. The EU accounts for 80% of the production, as well as 70% of the consumption (Jiménez-Guerrero *et al.*, 2012), that has steeply increased in the last decades due to the Mediterranean diet, known by its healthier lifestyle in which olive oil plays a central role (Cicarele *et al.*, 2016; Jiménez-Guerrero *et al.*, 2012). Moreover its production is severely dependent on weather conditions in and around the plantation such as farm management, pest control, irrigation and type of land (Jiménez-Guerrero *et al.*, 2012).

### 5.4.2 Olive Oil Market

In the EU, “the sector consists of growers, cooperatives, pressing mills, refiners, blenders, and companies involved in various aspects of marketing” (European Comission Directorate-General for Agriculture, 2003: 1), and the production can be distinguished in three types, the traditional groves, the intensive groves and a mix of both in which are used fertilisers, pesticides and irrigation among others in traditional groves (*ibidem*). The Olive Oil industry is one of the most important economic sectors in Mediterranean rural areas. Not only it is a big source of employment and generator of income, but also it is gaining importance to activities like tourism (Jiménez-Guerrero *et al.*, 2012).

This market is very complex due to the differences between the levels of development of the world producers and its production methods. In some cases, there are exporters that have no production, or even the largest exporters are also the largest importers (Anania and D'Andrea, 2007).

Even though olive oil is simple product, its composition may vary, resulting on several types of olive oil. These types can be classified in three groups which are the virgin olive oils, the refined olive oil (ROO) and the standard olive oil (SOO). Inside the first group the virgin olive oil may be distinguished in extra-virgin olive oil (EVOO), virgin olive oil (VOO) and *lampante* virgin olive oil (LVOO), which is improper to human consumption due to its imperfections. In terms of acidity the more virgin the olive oil is, the less acidity it has. The ROO is obtained through refining virgin olive oil, possessing a maximal free acidity of 0.5g per 100g. Moreover, the SOO is a combination of refined and virgin olive oils, holding a maximal free acidity of 1,5g per 100g (Lerma-García *et al.*, 2008). Among the edible types of olive oil some are regarded as having better quality than others which reflects on the price. The EVOO is recognized as having premium quality, follow by the VOO. The SOO and the ROO have lower quality yet cheaper. However EVOO and VOO are pricier than the other two types, consumers prefer to purchase these two over the SOO and the ROO due to its health benefits (Lerma-García *et al.*, 2008; Jiménez-Guerrero *et al.*, 2012).

Along with the urge of a healthier lifestyle, the production and consumption of olive oil has increased a lot over the past years, mostly in the biggest producing countries, but also countries like Australia or the USA have started to produce in greater quantities (Cicarele *et al.*, 2016; Jiménez-Guerrero *et al.*, 2012). Future predictions believe that olive oil will be a product so intrinsic in world's diets that the market will become more segmented in terms quality differentiation instead of in price differentiation (Anania and D'Andrea, 2007).

#### 5.4.2.1 Portuguese Olive Oil Market

In Portugal, the sector has had a huge development in the last years, mainly with the help of EU programs to renew, expand and plant new olive groves, where it now stands among the biggest producers and exporters globally (Centro 2020, 2017; Sottomayor *et al.*, 2010). Currently, Portuguese firms are focused on the exporting strategy (Sottomayor *et al.*, 2010), being Spain its principal importer, along with Italy and France (Centro 2020, 2017). The volumes sold to these countries show how much growth potential the Portuguese market has. However the biggest opportunities come from EU non-producing countries, the United States and China (*ibidem*). Thereafter, it is expected the olive oil market will have a similar growth course like the wine market had (Sottomayor *et al.*, 2010).

The Portuguese market offers a wide choice of olive oils with different packages, varieties of olives and methods of production and harvesting, in which national brands like Azeite Gallo and Oliveira da Serra fight along the recently introduced private labels such as Continente or Pingo Doce, and the premium brands like Herdade do Esporão for market share. Furthermore, there are also for sale organic olive oil and six protected designation of origin (PDO) regions (Trás-os-Montes, Beira Interior, Ribatejo, Norte Alentejo, Alentejo Inferior and Moura) olive oil brands (*ibidem*).

### 5.4.3 Olive Oil Attributes

When customers walk down the olive oil aisle in a supermarket, they cannot find identical products, as every product has its own distinctive characteristics. They can either be Intrinsic that refers to the physical attributes of the olive oil or Extrinsic which is related to every other aspect that is not related to the composition of olive oil itself (Cicarele *et al.*, 2016).

Regarding the intrinsic attributes, the colour can vary from deep green to gold depending on the type of olive, the process of extracting the oil and the use of additives. The flavour range from a more bitter and pungent taste to a more fruity and floral taste depending on the same reasons as the variance in colour.

The extrinsic attributes are the label information, the packaging, the perceived health benefits and the price, which are strong influencers of consumer's purchase. The label information normally presents the product origin, the ingredients and nutritional qualities and the manufacturing process. The packaging allows the brand identification and product differentiation, but also shows the information about the product and the inherent lifestyle, as well as pieces of advice about the usages it may have and how to cook with the product. Concerning the perceived health benefits, people are already aware of olive oil's benefits (Cicarele *et al.*, 2016). Several studies show that the VOO compounds have anti-inflammatory effects comparable to the ibuprofen. Also its compounds are helpful in the prevention and treatment of cardiovascular diseases, as well as in diseases related to ageing and memory like the Alzheimer's disease. Moreover it plays an important role in the human body's microbial balance. It prevents several pathogens namely gastrointestinal, respiratory, dental and genital, as well as virus like herpes and mononucleosis. Furthermore VOO compounds are regarded as being able to influence at gene level. Not only it impacts on the gene related to obesity preventing it, but also controlling the growth of different types of cancer (Martín-Peláez *et al.*, 2013). For this reason customers are willing to pay more for a better product and life quality (Cicarele *et al.*, 2016).

**Table 3. Olive Oil Attributes**

| | |
|---|---|
| **INTRINSIC ATTRIBUTES** | |
| **Colour** | Deep green to Gold |
| **Flavour** | Bitter and Pungent to Fruity and Floral |
| **EXTRINSIC ATTRIBUTES** | |
| **Label information** | Product origin; Ingredients; Nutritional qualities; Manufacturing process |
| **Packaging** | Brand identification; Product differentiation; Label information; Diet and Lifestyle advice |
| **Perceived health benefits** | Reduces inflamed areas; Lowers the risk of coronary diseases; Prevents certain kinds of cancer |
| **Price** | From more expensive to less expensive: Extra Virgin Olive Oil > Virgin Olive Oil >Standard Olive Oil |

**Source: Cicarele *et al.*, 2016; Jiménez-Guerrero *et al.*, 2012**

### 5.4.4 Consumer's Behaviour

Consumer's behaviour is a complex idea because it is dependent on many variables and different situations. However one of the most crucial concepts is Culture due to its influence on every stage of consumer choice, purchase and consumption. The consumption of olive oil is no exception to the rule and culture plays an important role in it. For instance consumers in Portugal, Spain, Italy and Greece will have a different perception of olive oil quality than consumers from countries that do not produce it and the ingredient is not part of their daily diet. Those who are not familiar with the product may be delighted with a cheap, low quality and imported standard olive oil. On the other hand, if the same olive oil was presented to a consumer of those four countries above mentioned they would find it very unpleasant since they are used to better quality olive oil (Jiménez-Guerrero *et al.*, 2012).

Moreover when marketers are setting the strategy for the promotion of an olive oil they also have to consider a country's culture on olive oil consumption. Some countries have a better understanding of the intrinsic attributes than others. In the more knowledgeable countries the marketing campaigns should focus on consumer's image of the product. In the other countries the communication should be centred on increasing the consumer's familiarity and knowledge about the product (*ibidem*).

Respecting the preferences, consumers have different tastes in each of the main attributes. Regarding the intrinsic ones, and flavour in particular, consumers often appreciate more fruity, floral and sweet olive oils. As for colour, they prefer intensely coloured olive oils. In extrinsic attributes, consumers prefer more clear packages, with darker colours that indicate high-quality products, as well as small-sized glass bottles since plastic bottles are normally associated with cheaper products. Price is seen as a consequence of quality. If consumers want a better quality olive oil they know they will pay more, and they do it if the olive oil is organic, because it indicates that is healthier. Lastly, the origin of the product is increasingly more important in consumer's choice (Cicarele *et al.*, 2016).

Studies point out that among consumer's purchasing criteria, flavour, health benefits, colour and package size figure as the most important (Wang *et al.*, 2013). As for Portuguese consumers the most referred criteria are the price and the acidity of the olive oil (Sottomayor *et al.*, 2010).

# 6. CONCEPTUAL FRAMEWORK OF REFERENCE

The knowledge present in the Literature Review will leverage this study, since its theories will aid me to understand which approach is better in which situation, as well as to guide this study in the correct path to expand the business of Ourogal internationally. In order to take advantage of this knowledge, the following table will synthesize all the subjects and relate them to the tasks adjacent to the definition and implementation of the international strategy.

**Table 4. Conceptual Framework of Reference**

| Subject | Description |
|---|---|
| International Strategic Management | The globalized world leads firms that aim to prosper, to expand their businesses abroad. The International Strategic Management may be seen as the actions a firmundertake to penetrate and perform in foreign markets (Eden *et al*., 2010).<br>When it comes to start operations abroad, firms must choose between a regional strategy, focusing on the domestic or geographically close markets, or global strategy, seeking a global scope (Verbeke and Kano, 2016).<br>Once this step is surpassed, companies have to choose which strategy they want to follow. It can either be the Localization strategy, the Transnational strategy, the International strategy and the Global standardization strategy. The criteria for choosing a strategy might be conditioned by cost and local responsiveness pressures (Hill, 2012).<br>Depending on the firm size, the organizational structure of a firm present abroad may differ. Smaller companies usually opt for having export departments. As for bigger companies, they normally possess international divisions. Lastly, sometimes firms reach a certain status internationally that make them global organizations (Kotler and Armstrong, 2012).<br>Influenced by four dimensions (control, dissemination risk, resource commitment and flexibility), entry modes are separated in three segments: Exporting, Contracting and Investing. Exporting may be divided in direct and indirect exporting depending on the use of an intermediary. Inside Contracting, the three most common modes are licensing, franchising and manufacture contracts. Finally, the entry modes related to Investing are |

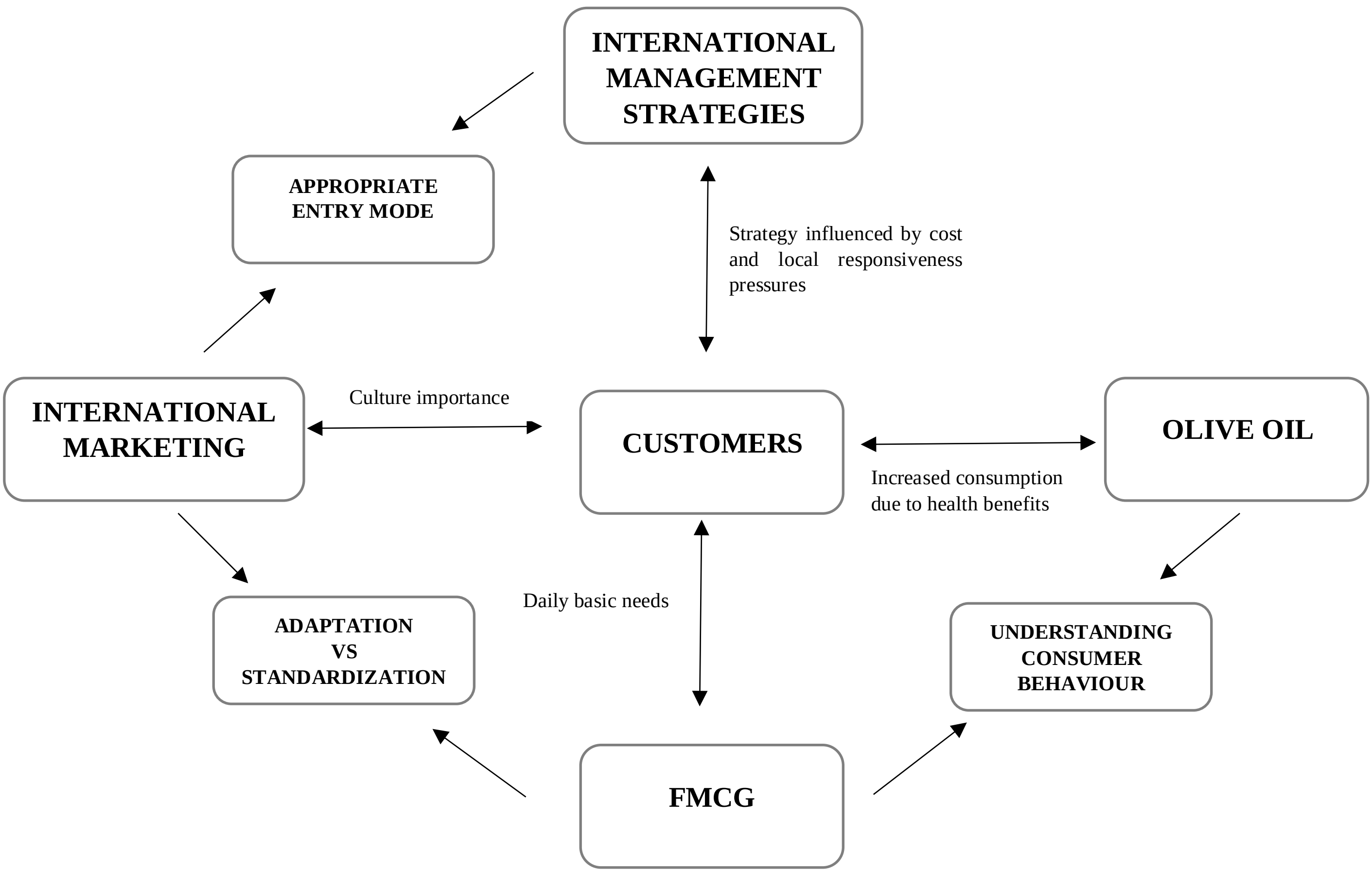
| | |
|---|---|
| | acquisition, joint venture and foreign direct investment (Driscoll and Paliwoda, 1997). |
| International Marketing | Marketing principles are the same around the world, however its implementation may vary between countries. The challenge for marketers is to adapt the controllable and uncontrollable elements of the environment. The controllable elements are everything that as to do with the marketing-mix. The uncontrollable elements are divided in domestic and foreign. These elements are just circumstances in the home country and abroad the company cannot control (Ghauri and Cateora, 2014).<br>In IM, firms must define if they want to follow an adaptation or a standardization strategy. The adaptation strategy consists on the adjustment of the marketing-mix to the host market environment. The standardization strategy is not more than the systematization of processes in the marketing-mix throughout the markets. Nonetheless it is argued that the path to a firm's success can only be achieved if both strategies are used simultaneously.<br>Some entry modes favour more the adaptation strategy than others. The ones with a higher degree of flexibility, control and resource commitment are normally more willing to adjust the firm's marketing-mix (Vrontis and Kitchen, 2005). |
| Fast-Moving Consumer Goods | The FMCG are cheap and rapidly consumed products that are basic to consumer's life. They have a daily basis consumption pattern and customers can easily find the product in almost every retail channel (Leahy, 2011; Srinivasu, 2014). Among its characteristics, the most evident are the impulse buying, the somewhat perishable inventory, the invisible customers and the lack of personal content and brand loyalty.<br>Related to the last feature, the marketers' challenge is to work around the lack of loyalty. The two existent solutions are to approach the customers and engage in a relationship in which both sides have equal gains. On the other hand, marketers may work closer to the retail partners to identify the values customers find more appealing in their brand (Hlavinka and Gomez, 2007). |
| Olive Oil | Olive Oil is the most traded product related to the Mediterranean. The EU accounts for 80% of the production and 70% of the consumption. Lately, the production has increased due to the association with the Mediterranean diet and its health benefits (Anania and D'Andrea, 2007; Cicarele *et al.,* 2016; Jiménez-Guerrero et al., 2012). The industry is crucial in Mediterranean rural |

| | |
|---|---|
| | areas because not only generates income, but also employment, and more recently tourism (Jiménez-Guerrero *et al.*, 2012).<br>The Portuguese market has had a huge development in the last years due to the help of European programs. It stands now as one of the biggest producers and exporters globally, being Spain its principal importer (Centro 2020, 2017; Sottomayor *et al.*, 2010).<br>Olive Oil may be distinguished through intrinsic and extrinsic attributes. The intrinsic are the colour and the flavour. The extrinsic are the label information, the packaging, the perceived health benefits and the price (Cicarele *et al*., 2016).<br>The consumer’s behaviour depends on the culture. A more knowledgeable consumer will have a more sustained perception of a good olive oil than a consumer that is not familiar with the product. For this reason the marketers have to be careful about the type of message they will communicate (Jiménez-Guerrero *et al*., 2012). |

**Source: The author, 2019**

Whether it is on the selection of an entry mode that enables me to make the needed adjustments to the new market, to the perception of how consumers relate with the FMCG and how to approach them, or even understanding the preferences of the customers regarding olive oil, the knowledge obtained from the Literature Review will help me conduct this study and assess the best strategy of international expansion of Ourogal.

**Figure 1: Synthesis figure of the Literature Review**




**Source: The author, 2019**

# 7. DATA COLLECTION, ANALYSIS METHODS AND TECHNIQUES

In order to proceed with the analysis, I have gathered primary and secondary data. The primary data was collected through informal conversations with the owner of Ourogal. The secondary data was obtained internally and externally. The internal secondary data was present in Ourogal's internal documents. On the other hand, the external secondary data was gathered in multiple websites.

**Table 5. Data Sources**

| DATA | | SOURCE |
|---|---|---|
| **Primary** | | Informal dialogues with owner |
| **Secondary** | Internal | Ourogal's internal documents |
| | External | Ourogal website<br>Herdade do Esporão website<br>IMF<br>Education First (EF)<br>Governmental websites<br>International Olive Council<br>United Nations<br>Global Innovation Index<br>World Economic Forum<br>Tridge<br>World Bank<br>The Economist Intelligence Unit<br>Internet World Stats<br>Santander Trade Portal<br>The Observatory of Economic Complexity (OEC)<br>Export.gov<br>World Population Review<br>Movehub<br>Emirates Snack Foods LLC |

**Source: The author, 2019**

# 8. INFORMATION ANALYSIS AND CONCLUSIONS

## 8.1 OUROGAL

### 8.1.1 Origin

Ourogal is a family-owned business founded in the beginning of the 20th century centered in the oliviculture business. For four generations the company's core business was selling bulk olive oil and sheep milk. In the later 1980s, the company started focusing its business on producing and commercializing olive oil. In 1998, Ourogal S.A. was created separating the agricultural part from the industrial one.

### 8.1.2 Organizational structure

Although Ourogal dates back to the first years of the 20th century, the company always stayed small in terms of human resources, being considered a micro company. The reason behind this decision is that the oliviculture is a seasonal business, as the harvesting of the olives only occurs in the later months of each year. Nonetheless, Ourogal's structure changes throughout the year. They employ three full-time workers in the administrative area and four olive pressers, one of them being responsible for the olive oil mill. During the harvesting months there are eleven workers in the olive oil mill, as well as seasonal employees, contracted for the olive harvesting. The number of people varies every year depending on the number of olives to harvest. However, to every contracted employee, Ourogal provides transformation training.

### 8.1.3 Mission

The company's mission is to "inspire everyone to turn meals into a ritual of health, family and sharing" (Ourogal, 2019).

### 8.1.4 Vision

Ourogal's vision is to transform their ambitions into sustainable objectives, always respecting their history, traditions and the know-how passed on by the older generations, as well as, improving themselves to anticipate the consumer's wishes (Ourogal, 2019).

### 8.1.5 Values

Ourogal not only values their centenary history and traditions, but they favour the respect for the environment and the natural cycle of the olive trees. They believe that non-industrial agriculture will allow them to be sustainable and guarantee the quality of their organic olive oil (Ourogal, 2019).

### 8.1.6 Value Proposition

Ourogal delivers value mainly due to three features they possess, which are regionalization, artisanship and the verticalization. First of all, they are a regional company, which means they are located in an agricultural traditional area that enjoys the status of a PDO region (PDO of Ribatejo). Secondly, they are an artisan company because Ourogal maintains the ancient traditions that place a great focus on environment protection. Lastly, Ourogal is a vertical company because their business comprises the production, the transformation and the packaging of their products ensuring that every step meets the highest quality standards of a premium and gourmet firm like Ourogal.

### 8.1.7 Strategy

Ourogal locates their strategic efforts in the international markets. Even though they sell their products to the Portuguese market, it is not a priority because the potential clients for premium and gourmet olive oil are very few, their purchasing power is not great and people have no culture for this kind of olive oil, since they are already used to regular olive oil, which doesn't allow them to appreciate this type of olive oil properly. In Portugal, Ourogal's products are only present in *El Corte Inglés* gourmet club and in some chef restaurants.
Ourogal's international strategy is based on a business-to-business strategy in which the company tries to arrange contracts directly with the retail partners or looks for a representative overseas that facilitates that contact, and sell Ourogal's products. Since Ourogal regards direct contact, they invite the foreign representatives to their facilities and give them training in order to make them specialists in the oliviculture business, strengthening their bonds with the brand as well. The company is present in five countries overseas: Brazil, Switzerland, France and the United Kingdom, and since 2019 the United States of America. Among these countries, Brazil enjoys the status of its biggest client.

### 8.1.8 Business Evolution

Since 2014, Ourogal has been growing every year leveraged by the entrance in new countries. In 2014, the company was selling EUR 295.300,75 in products. The growth registered from 2014 to 2015 represented the highest growth rate to these days, 54%. From that year on, Ourogal has registered growth rate that ranged from 32% in 2016 to the estimated value of the current year (40%) leveraged by the entrance in the United States.

**Table 6. Ourogal Export Values per year**

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 (Est.) |
|---|---|---|---|---|---|---|
| **Sales** | 295.300,78 € | 455.711,09 € | 599.619,85 € | 809.486,80 € | 1.108.996,91 € | 1.552.595,68 € |
| **Growth (€)** | | 86.585,11 € | 143.908,76 € | 244.915,15 € | 491.091,00 € | 491.091,00 € |
| **Growth Rate** | - | 54% | 32% | 35% | 37% | 40% |

**Source: Ourogal, 2019**

Regarding the weight of each market in Ourogal's sales, Brazil has consistently been the most important country since in 2018 recorded sales of EUR 812.492,54, which accounted for 73,3% of the total sales. Moreover, it is expected that importance will rise the current year to 91,5% of the total sales. Brazil is followed by the Portuguese sales (24,1% of total sales in 2018 and 3,8% in 2019), the European countries (2,6% in 2018 and 2,5% in 2019), and lastly the USA, which will account for 2,1% of the total sales, Ourogal will sell EUR 33.127,49 of olive oil.

**Table 7. Ourogal Export Values per country**

| | Portugal | | Brazil | | USA | | Europe | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 |
| **Quantity (units)** | 87144 | 16537 | 180876 | 254482 | - | 5280 | 4684 | 5730 | 272704 | 282029 |
| **Sales (€)** | 267.641,43 € | 59.318,14 € | 812.492,54 € | 1.420.781,52 € | - | 33.127,49 € | 28.862,95 € | 39.368,54 € | 1.108.996,91 € | 1.552.595,68 € |
| **Country Weight on Sales** | 24,1 | 3,8 | 73,3 | 91,5 | 0 | 2,1 | 2,6 | 2,5 | 100 | 100 |

**Source: The Author, 2019**

### 8.1.9 Products

Ourogal has a wide range of table and cooking EVOOs and vinegar (as illustrated in Annex 1.1 – Products – Source: Ourogal, 2019). Their olive oil products are the Millenarium, the Delicat,

the Centenarium, the Authentic, the Organic, the Equilibrium and the Mediterraneum. As for the vinegar products, Ourogal offers the Balsamic, the Cider and the Red Wine options.
The most sold product is the table EVOO Equilibrium, followed by the cooking VOO Mediterraneum, the EVOO Centenarim as a gift product, and lastly the Authentic, their high-end gourmet olive oil.

### 8.1.10 Competition

In Ourogal's perspective, their biggest competitors are not the global players, but the premium EVOO companies. Also they recognize as competition all the companies that sell other cooking oils and butter. However, one of Ourogal's biggest competitors is also a role model because it is present in the same segments, it is in another stage of maturity and mainly because it has had significant results and recognition. That company is Herdade do Esporão.

Herdade do Esporão is a Portuguese company originally from wine industry that, since 1997, has applied their knowledge of fine wine production to the production of high-quality olive oils. Besides the wine and olive oil production, Herdade do Esporão is also in the wine and ecotourism industry.

Its olive oil portfolio is composed by one biologic EVOO, *Olival dos Arrifes*, five EVOOs named *Seleção*, *Galega*, *Cordovil*, *Azeite DOP Norte Alentejano* and *Azeite Virgem Extra*, one VOO, *Azeite Virgem*, as well as one red vinegar, *Vinagre de Vinho* (as illustrated in Annex 1.2 – Competition – Source: Herdade do Esporão, 2019).

Regarding Esporão Azeites Lda. financial results from the past five years (2018's results have not come out yet), we notice their sales have significantly grown from 2013 (EUR 340.364) to 2014 (EUR 900.121). Since then the sales have increased every year, except for the little drop in 2016, when the sales dropped EUR 1688 considering the previous year. 2017 was a good year since sales have grown to its maximum (EUR 1.270.987). Nevertheless, the Net Income has not followed Sales' trend. The Net Income has been extremely inconstant. In 2013 the result was EUR 56.880, however, in 2014 Esporão Azeites Lda. registered losses of EUR 24.724. The following year, the Net Income has hugely increase, since it was reported gains of EUR 422.067, the maximum value so far. In 2016, the Net Income has, once again, dropped to its second worst value (EUR 19.202). In the last year on display, one more time, the Net Income has increased, as it was reported profits of EUR 132.976 (Herdade do Esporão, 2013; *ibidem*, 2015; *ibidem*, 2017).

**Table 8. Esporão Azeites Lda. Sales and Net Income from 2013 to 2017 (EUR)**

| **Year** | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| **Sales** | 340.364 | 900.121 | 964.557 | 962.869 | 1.270.987 |
| **Net Income** | 56.880 | (24.724) | 422.067 | 19.202 | 132.976 |

**Source: Herdade do Esporão, 2013; *ibidem*, 2015; *ibidem*, 2017**

After analysing Esporão’s portfolio of products and results, we can afirm that Ourogal’s portfolio is more diversified, owning products that are distinct to the market. Regarding sales, both companies are very similar, has they are both growing their sales, even though Esporão is more mature in the oliviculture business, which may be a positive indicator for Ourogal, since it is already selling as much as Esporão.

## 8.2 MARKET SELECTION

### 8.2.1 Multiple Criteria Decision Analysis

The Multiple Criteria Decision Analysis (MCDA) is a process of decision-making used to investigate possible outcomes by measuring and connecting information and knowledge. Its motivation is to use different decision-making tools other than only financial data, resulting in a more consistent and rigorous analysis. Basically the MCDA studies some criteria and then displays the results quantitatively in a ranking of alternatives, facilitating the elimination of inferior alternatives. This ranking cannot be considered an answer to the problem. Instead it provides a picture of the outcomes of selecting a certain alternative (Beim and Lévesque, 2006). In order to conduct a MCDA, the decision-maker has to follow a certain amount of steps. Firstly, he has to identify the criteria and list the alternatives. The criteria identification is where the analyst chooses which criteria are more relevant to be measured. Researchers claim that the most useful criteria when it comes to decide a new market to enter are cultural, economic, legal and political indicators because they provide a broad perspective of the alternatives. For listing the alternatives, Beim and Lévesque mean market identification. The researcher has to narrow their markets to a smaller but more interesting group. Secondly, the decision-maker has to carry out two more steps: the Quantification of each alternative under each criterion and Translation of the quantification into a measure of value. It is possible that some criteria are subjective, meaning they are not quantifiable. Therefore, the analyst has to quantify and convert every criterion into a value that enables the measurements. Furthermore, he has to select the weights for every criterion according to the importance given to each indicator. The last step of a MCDA is the identification of the favoured option that results from the weighted sum of each criteria value (*ibidem*).

The following MCDA will be run through four steps. The first step will be market identification. The second step will be the first exclusion criteria, a first screening using the most relevant criteria for the company in order to narrow the markets. The third step will be a preliminary screening using macro data, and the fourth and last step will be a fine grant screening applying more market-specific indicators.

### 8.2.2 Market Identification

In order to conduct this selection, we have asked Ourogal which markets they would prefer to locate their brand and products. According to their preferences, and excluding the markets Ourogal already exports (Brazil, United Kingdom, the United States of America, France and Switzerland), we have narrowed the study to countries regarded as emerging markets. The company justifies its inclination to emerging markets with the belief that these countries are still not used to this more exclusive type of olive oil, so they have no addictions when it comes to understanding the uniqueness of the products' components.

An emerging market is a term used to represent countries that enjoy promising stock-markets, and potential for fast growth. Normally these countries comprise all the lower-income economies that use economic liberalization as an engine to grow. These markets either are developing countries from Asia, Latin America, Africa and the Middle East, or the Soviet Union and China transition economies. Even though they possess this status they may never be considered a developed market because many still go through various crisis (Sharma, 2018).

Considering the classifications of five different institutions (IMF, Morgan Stanley Capital International, Standard & Poor’s, Russell and Dow Jones) the current emerging markets are Argentina, Bangladesh, Brazil, Bulgaria, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, Indonesia, India, Malaysia, Mexico, Peru, Pakistan, Philippines, Poland, Qatar, Republic of Korea, Romania, Russia, South Africa, Taiwan, Thailand, Turkey, Ukraine, United Arab Emirates, Venezuela (Investopedia, 2019). Since Brazil is already an Ourogal’s exporting nation, it won’t be considered. For that reason only the remaining 29 countries examined.

The following scheme resumes the market selection process, by displaying the countries that were considered for each stage, as well as the criteria under which the countries were evaluated.

**Table 9. Market Selection Scheme**

| STAGE | CRITERIA | COUNTRY |
|---|---|---|
| **Market Identification** | Emerging Economy | Argentina, Bangladesh, Brazil, Bulgaria, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, Indonesia, India, Malaysia, Mexico, Peru, Pakistan, Philippines, Poland, Qatar, Republic of Korea, Romania, Russia, South Africa, Taiwan, Thailand, Turkey, Ukraine, UAE, Venezuela |
| **First Exclusion Criteria** | GDP (nominal) per capita | |
| **Preliminary Screening** | **Macro Indicators**<br>Real GDP Growth<br>Population<br>Political Environment<br>**Level of Competition**<br>Production<br>**Language**<br>English Speakers<br>English as Official Language<br>Portuguese as Official Language | Argentina, Chile, Czech Republic, Greece, Hungary, Poland, Republic of Korea, Romania, Qatar, Taiwan, UAE |
| **Fine Grant Screening** | **Country Attractiveness**<br>GDP per Capita<br>Competitiveness Index<br>Imports (% of GDP)<br>Olive Oil Trade (% of GDP)<br>Tariff Rate on Primary Products<br>**Doing Business Internationally**<br>Ease of Doing Business<br>Logistics Performance Index<br>BER Index<br>Internet Penetration<br>Cultural Proximity<br>Geographic Proximity | Czech Republic, Hungary, Poland, Republic of Korea, Romania, Qatar, Taiwan, UAE |

**SELECTED MARKET → UNITED ARAB EMIRATES**

**Source: The author, 2019**

### 8.2.3 First Exclusion Criteria

For Ourogal, the most important criterion while choosing a country to sell its products is the purchasing power. The company justifies the preference for this indicator with the assumption that only countries or customers with some purchasing power can have a higher degree of food culture and also because customers with a bigger purchasing power are more likely to buy premium and gourmet olive oils. For this reason, Ourogal believes that emerging countries with some purchasing power per capita are more likely to be successful.

In order to measure the purchasing power of a country's inhabitants, I chose the indicator GDP (nominal) per capita. The choice for the GDP (nominal) instead of GDP (PPP) occurs because the GDP (nominal) does not consider the influence of the cost of living in a country. This makes sense since Ourogal sells premium and gourmet olive oil, thus they look for customers used to products at their price point. The value for which a country will be considered is to stand above the world average, situated at $11.350 per capita.

To gather the data for every emerging country I accessed the IMF datasets because it provided more recent data than other sources, displaying the values for the year of 2018. For IMF, this indicator is measured by dividing the country’s GPD that represents the current value of final goods and services produced in the country, by the average country’s population.

As shown in the following table, only 11 countries out of the initial 29 have a purchasing power per capita higher than the world average and will go through to the Preliminary Screening: Argentina, Chile, Czech Republic, Greece, Hungary, Poland, Republic of Korea, Romania, Qatar, Taiwan and the United Arab Emirates (UAE).

**Table 10. GDP (nominal) per capita in emerging markets**

| | | | | | |
|---|---|---|---|---|---|
| Qatar | 70.780 | Argentina | 11.630 | Colombia | 6.680 |
| United Arab Emirates | 40.710 | **World** | **11.350** | South Africa | 6.380 |
| Republic of Korea | 31.350 | Russia | 11.330 | Indonesia | 3.870 |
| Taiwan | 24.970 | Malaysia | 10.940 | Venezuela | 3.370 |
| Czech Republic | 22.850 | Mexico | 9.810 | Philippines | 3.100 |
| Greece | 20.410 | China | 9.610 | Ukraine | 2.960 |
| Chile | 16.080 | Bulgaria | 9.270 | Egypt | 2.570 |
| Hungary | 15.920 | Turkey | 9.250 | India | 2.040 |
| Poland | 15.430 | Thailand | 7.190 | Bangladesh | 1.740 |
| Romania | 12.290 | Peru | 7.000 | Pakistan | 1.560 |

**Source: IMF, 2019**

### 8.2.4 Preliminary Screening

The purpose of this Preliminary Screening is to evaluate the country using broad yet important indicators that induce the potentialities each country has. To execute this analysis were used three groups of indicators: "Language", "Level of Competition" and "Macro Indicators", that were weighted according to the perceived importance for the company. For that reason, the "Macro Indicators'" group has the majority of the weight (60%) in this screening. The "Level of Competition" was considered the second most important with 25% of the total weight, not far from the 15% of the "Language" indicators. Following the indicators' evaluation, any result scored higher than 0,5. For that reason only results equal or higher than 0,4 were considered to the next screening.

**Table 11. Criteria and Weighting for the Preliminary Screening**

| CRITERIA | WEIGHT |
|---|---|
| **Macro Indicators** | **60%** |
| Real GDP growth | 0,45 |
| Population | 0,35 |
| Political Environment | 0,2 |
| **Level of Competition** | **25%** |
| Production | 1 |
| **Language** | **15%** |
| English Speakers | 0,5 |
| English as Official Language | 0,3 |
| Portuguese as Official Language | 0,2 |

**Source: The Author, 2019**

**Language**

The "Language" indicators were used to measure how easy would it be to do business with other countries. Considering Ourogal's focus on international markets, and being the English language regarded as the international business language, English was appraised as more important than any other language, including Ourogal's native language, the Portuguese. Therefore, "English speakers" has the higher stake (0,5) in the "Language" indicators, followed by "English as Official Language" (0,3) and "Portuguese as Official Language" (0,2). To evaluate the "English Speakers" I used the EF English Proficiency Index, which is an index based on a Standard English Test taken by more than a million participants from 88 countries. It assesses listening and reading skills and it is measured on a hundred-point scale. The country results are based on the scores of the national participants. For the indicators "English as Official Language" and "Portuguese as Official Language", the data was taken from governmental sites of each country in the study and it was measured applying dummy variables (0 – if it is not an official language; 1 – if it is an official language). Since Qatar is not part of the 88 countries of the index, I assumed the value of their neighbours UAE, because they are two very comparable countries in many aspects and they are located in the same geographic area.

**Level of Competition**

The "Level of Competition" was used to determine the easiness of having a big market share and success in that country. Despite not having access to the competitors in the countries in the study, I decided to evaluate the level of competition through the countries' production of OO. To assess the production of each country I used data from the International Olive Council, but because there was no quantitative data for every country I measured this indicator applying three levels of production. If the country has no OO production it was classified with 1. If the country has little OO production it was classified with 0,5. If the country is a big OO produced it was classified with 0.

**Macro Indicators**

The "Macro Indicators" were used to understand the development and growth prospects of each country. This group of indicators is composed by the "Population" of each country, the "Real GDP growth" and the "Political Environment". Considering Ourogal's preferences while entering a new country, the "Real GDP growth" has a weight of 0,45, followed by the "Population" (0,35) and the "Political Environment" (0,2).

The indicator "Real GDP growth" was used to perceive the potential wealth of a country in the future, which is always a decisive factor while deciding where to go. In this case I preferred to examine the Real GDP because it includes the inflation rate of each country. For this matter I assessed the prospects of GDP growth for 2021 (%) in the IMF datasets.

The indicator "Population" show us to how many people Ourogal's products will be available, and possibly sold. The collected data comes from the United Nations datasets, and exhibits the numbers for 2019. Considering that any country in the study had more than 100 million inhabitants, that number was considered as being 1 or 100%. For example, if a country has 31 million people, the value displayed in the screening will be 0,31.

The indicator "Political Environment" is very useful because it shows how stable a country is, which means that also Ourogal's business will be safer. This indicator is part of the Global Innovation Index and not only considers the political stability and absence of violence and terrorism, but also the government effectiveness. It presents the values for 2018 and it is measured on a scale of 100 points. Therefore, I converted the hundred-point scale to a 0 to 1 scale. Moreover, because no value was displayed for Taiwan, I assumed the value of their neighbours China.

The following table presents every calculation done and the final results for the 11 studied countries, considering the criteria previously explained. The lines relative to the indicators show the performance of the country in each indicator. The lines related with the group of indicators present the weighted sum of every indicator in that group. The final results are obtained through the sum of every group of indicators result. For example: Republic of Korea = [0,6 x ((0,45 x 0,03) + (0,35 x 0,51) + (0,2 x 0,71))] + [0,25 x 1] + [0,15 x ((0,5 x 0,56) + (0,3 x 0) + (0,2 x 0))] = 0,49

**Table 12. Preliminary Screening**

| | **Weight** | **Rep. of Korea** | **Poland** | **Taiwan** | **Czech Republic** | **UAE** | **Romania** | **Qatar** | **Hungary** | **Argentina** | **Chile** | **Greece** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Macro Indicators** | **60%** | **0,2** | **0,17** | **0,12** | **0,12** | **0,12** | **0,11** | **0,1** | **0,1** | **0,17** | **0,13** | **0,09** |
| Real GDP Growth | 0,45 | 0,03 | 0,03 | 0,02 | 0,03 | 0,03 | 0,03 | 0,03 | 0,02 | 0,03 | 0,03 | 0,02 |
| Population | 0,35 | 0,51 | 0,38 | 0,24 | 0,11 | 0,1 | 0,2 | 0,03 | 0,1 | 0,45 | 0,18 | 0,11 |
| Political Environment | 0,2 | 0,71 | 0,67 | 0,54 | 0,77 | 0,79 | 0,51 | 0,71 | 0,65 | 0,56 | 0,73 | 0,54 |
| | | | | | | | | | | | | |
| **Level of Competition** | **25%** | **0,25** | **0,25** | **0,25** | **0,25** | **0,25** | **0,25** | **0,25** | **0,25** | **0,13** | **0,13** | **0,00** |
| Production | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0,5 | 0,5 | 0 |
| | | | | | | | | | | | | |
| **Language** | **15%** | **0,04** | **0,05** | **0,05** | **0,04** | **0,04** | **0,04** | **0,05** | **0,04** | **0,04** | **0,04** | **0,05** |
| English Speakers | 0,5 | 0,56 | 0,63 | 0,52 | 0,6 | 0,47 | 0,6 | 0,47 | 0,6 | 0,58 | 0,52 | 0,59 |
| English as Official Language | 0,3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Portuguese as Official Language | 0,2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | | | | |
| **TOTAL** | **100%** | **0,49** | **0,47** | **0,42** | **0,41** | **0,41** | **0,4** | **0,4** | **0,4** | **0,34** | **0,3** | **0,14** |

**Source: The author, 2019**

The next table displays the countries that scored 0,4 or higher, and consequently were selected to the next phase of the selection.

**Table 13. Preliminary Screening Ranking**

| | | COUNTRY | SCORE |
|---|---|---|---|
| 1.º | | Republic of Korea | 0,49 |
| 2.º | | Poland | 0,47 |
| 3.º | | Czech Republic | 0,42 |
| 4.º | | Taiwan | 0,41 |
| | | UAE | 0,41 |
| 5.º | | Romania | 0,4 |
| | | Hungary | 0,4 |
| | | Qatar | 0,4 |

**Source: The author, 2019**

To these countries a final screening will be conducted. This process will be stricter in order to define which country will be selected to continue the study.

### 8.2.5 Fine Grant Screening

After the Preliminary Screening identified the eight potential countries, the Fine Grant Screening will evaluate the potential of each country and conclude which market will be the selected one to work on. For this reason the analysis submitted to Czech Republic, Hungary, Poland, Qatar, Republic of Korea, Romania, Taiwan and UAE will be stricter and more meticulous, because it analyses more aspects in order to stand out the potentialities of each country. By the end of this screening, the highest ranked country will be selected for Ourogal to enter.

To perform this screening, we used two groups of indicators: “Country Attractiveness” and “Doing Business Internationally”, which were weighted regarding Ourogal's perceived importance. Therefore, the “Country Attractiveness” group weights 55% in this screening and “Doing Business Internationally” group accounts for 45 of the total screening.

**Table 14. Criteria and Weighting for the Fine Grant Screening**

| CRITERIA | WEIGHT |
|---|---|
| **Country Attractiveness** | **55%** |
| GDP per Capita | 0,3 |
| Competitiveness Index | 0,2 |
| Imports (% of GDP) | 0,2 |
| Olive Oil Trade (% of GDP) | 0,15 |
| Tariff Rate on Primary Products | 0,15 |
| **Doing Business Internationally** | **45%** |
| Ease of Doing Business | 0,25 |
| Logistics Performance Index | 0,25 |
| BER Index | 0,2 |
| Internet Penetration | 0,1 |
| Cultural Proximity | 0,1 |
| Geographic Proximity | 0,1 |

**Source: The author, 2019**

**Country Attractiveness**

The Country Attractiveness group of indicators is an important group because it allowed me to understand the economic attractiveness and size of the markets. Inside this group we may find five indicators, which are "GDP per Capita", "Competitiveness Index", “Imports (% of GDP)”, “Olive Oil Trade (% of GDP) and "Tariff Rate on Primary Goods”. Among these indicators, the most important is the "GDP per Capita" accounting for 0,3, followed by the “Competitiveness Index” and “Imports (% of GDP)” with 0,2. Lastly, we notice two indicators with the same importance (0,15), which are "Olive Oil Trade (% of GDP)" and "Tariff Rate on Primary Goods".

Beginning with the "GDP per Capita", this indicator is the same as the First Exclusion Criteria. Thus all the reasonings maintain. Nevertheless, the "GDP per Capita" is measured differently. Since there is no country under analysis registering values over or equal to $100 thousand per capita, I assumed this value as 1. All the country's result will range from 0 to 1 according to their "GDP per Capita".

The "Competitiveness Index", officially the Global Competitiveness Index, is a significant indicator because it estimates how productive countries are at using their resources to bring prosperity to the country. It lays on twelve pillars distributed by three groups. The first group is the Basic Requirements that comprised the Institutions, Infrastructure, Macroeconomic and Health and Primary Education pillars. The second group is Efficiency Enhancer are is formed by the Higher Education and Training, Goods Market Efficiency, Labour Market Efficiency, Financial Market Development, Technological Readiness and Market Size pillars. The last group is the Innovations and Sophistication Factors, consisting on the Business Sophistication and Innovation pillars. All these pillars, as well as the Index itself are measured on a scale ranging from 1 to 7, which I converted to a 0 to 1 scale. The data was collected at the World Economic Forum and display the values for 2018.

The indicator "Imports (% of GDP)" is crucial because it shows us how dependent on imported services and goods a country is. For a company that decided to go abroad, it is substantially more secure to enter a country that relies on imports more than it exports because not only the country is more used to this processes and request for foreign services and goods, but it also shows that the country does not produce enough goods to address their needs. The "Imports" related data was collected at the World Bank datasets, except for Taiwan's imports which was gathered at the Statista website. On the other hand all the GDP data was collected at the IMF datasets. All the data presents values for the year of 2017 and the results are show the relative frequency, not the actual percentage.

The indicator "Olive Oil Trade (% of GDP) is a relevant indicator because it provides us an insight on how important is the trade of olive oil in that country. The weight of the olive oil trade is obtained by subtracting the olive oil imports to the exports and divided by the country's GDP. Like the previous indicator, for a firm entering a foreign country, the biggest the weight of this trade on the GDP the better, because it not only exhibits the importance this trade has for the country, but also the need for that specific good. The values for the imports and exports were obtained in Tridge's website, and since the values were only displayed for 2016, the GDP data, collected at IMF datasets, is also for the same year. Moreover, and because we couldn't find the imports and exports values for Taiwan, the import value is referent to 2010, which was found in a publication of the Canadian Government addressing Taiwan's cooking oils market. The export value was estimated for 2016 by performing the mean of the 2016 values for China and the two other states that along with Taiwan are part of China (Hong Kong and Macao).

Finally, the indicator "Tariff Rate on Primary Goods", collected at the World Bank datasets for the year of 2016, is important because it enables us to know the effective tax imposed by a country when imports primary goods like the OO. This fact may discourage many companies when they come across countries with high tariff rates.

**Table 15. Country Attractiveness indicators and weighting**

| **CRITERIA** | **WEIGHT** |
|---|---|
| **Country Attractiveness** | **55%** |
| GDP per Capita | 0,3 |
| Competitiveness Index | 0,2 |
| Imports (% of GDP) | 0,2 |
| Olive Oil Trade (% of GDP) | 0,15 |
| Tariff Rate on Primary Products | 0,15 |

**Source: The author, 2019**

### Doing Business Internationally

The group of indicators "Doing Business Internationally" let us perceive how easy and safe it is for foreign companies to do business in that country, but also how developed the infrastructures and the access to technology in these countries are. This assessment is particularly important because the market selection is being conducted only to emerging countries, which means that in some cases these countries may be rich economically but there may be some structural problems, which makes the task of being present in those countries a lot more difficult for companies from developed countries. This group is composed by six indicators: "Ease of Doing Business", “Logistics Performance Index”, “BER Index", “Internet Penetration”, "Cultural Proximity" and "Geographic Proximity". The two dominant criteria in this group are the "Ease of Doing Business” and the “Logistics Performance Index” each one accounting for 25% of the total weight, followed by the "BER Index" with 20%. The “Internet Penetration”, the "Cultural Proximity" and the "Geographic Proximity" are the least preponderant criteria, each one weighing 15% of the group weight.

The "Ease of Doing Business" score is an important criterion because it allows to perceive how easy it is to start a business in or with a country. The indicator is composed by twelve different indicators (Starting a Business; Dealing with Construction Permits; Getting Electricity; Registering Property; Getting Credit; Protect Minority Investors; Paying Taxes; Trading Across Borders; Enforcing Contracts; Resolving Insolvency; Employing Workers; Contracting with the Government) and its purpose is to evaluate the regulatory performance of countries over time. It measures the values on a 0 to 100 point scale that I converted to a 0 to 1 scale. The values presented are for the year 2019.

The "Logistics Performance Index" is a benchmark tool that presents values for 2018 and it is accessible at the World Bank datasets. Its purpose is to compare 160 countries by recognizing the challenges they face on the trade logistics field and the opportunities to improve their performance in this area. The index is based on six indicators that are "Customs", "Infrastructure", "International Shipments", "Logistic Competence", "Tracking & Tracing" and "Timeliness". Each indicator and the index itself is measured on a scale ranging from 1 to 5, which I converted on a scale that ranges from 0 to 1.

The “BER Index”, or Business Environment Risk Index assesses the quality and attractiveness of the business environment through ten categories, which are the political environment, the macroeconomic environment, the market opportunities, the policy towards free enterprise and competition, the policy toward foreign investment, the foreign trade and exchange controls, the taxes, the financing, the labour market and the infrastructure. This Index is developed by The Economist Intelligence Unit and the collected data show values for the gap of years of 2014 to 2018, being measured on a scale ranging from 0 to 10, which I converted on a 0 to 1 scale.

The "Internet Penetration", an indicator accessible at the Internet World Stats website, allows us to perceive how many people will have access to Ourogal’s website, enabling the customers to get deeper information about the products, as well as facilitating the communication and share information with the country's representative and the retail channels. The "Internet Penetration" indicator is measured through the internet penetration rate for the year of 2019.

The "Cultural Proximity" is a key indicator due to the fact that not only it is easier to do business with culturally close countries since there may be already established commercial relations, but also if those countries have cultural proximity, they probably use or know this kind of products and way of living. Considering that this indicator is rather subjective, I developed a scale for which I will classify the country based on my perception of cultural proximity. Hence, countries speaking Portuguese as their official language will be awarded with the maximum value of 1. Southern European countries will be appraised with 0,85. Every country that borders with the Mediterranean sea excluding the South European countries will be rated with 0,75. The remaining European countries or countries that had Portuguese occupation on the course of its History will be evaluated with 0,5. Any other country that does not fit in any of the segments will be valued with 0.

Following the previous criteria, I will also analyse the "Geographic Proximity". I believe this criterion is crucial because doing business with geographically close countries is logistically easier than doing business with geographically far countries, as it may require more financial resources as well as time. Even though this indicator is not as subjective as the preceding one, still there is no rule to define what is a close or a distant country. Therefore, I defined that Spain would get a score of 1, followed by Morocco with 0,9. Then, Western European countries, Southern European countries excluding Spain and the Northern African countries would get 0,75. The remaining European countries would be awarded with 0,5. The Western and Central Asian countries, the remaining African countries and the Americas would be appraised with 0,4. Lastly, the remaining Asian countries and Oceania would be evaluated with 0,25.

**Table 16. Doing Business Internationally criteria and weighting**

| CRITERIA | WEIGHT |
|---|---|
| **Doing Business Internationally** | **45%** |
| Ease of Doing Business | 0,25 |
| Logistics Performance Index | 0,25 |
| BER Index | 0,2 |
| Internet Penetration | 0,1 |
| Cultural Proximity | 0,1 |
| Geographic Proximity | 0,1 |

**Source: The author, 2019**

The next table displays all the executed calculations to the previously explained criteria, as well as the final results that unveil the chosen country. Like the Preliminary Screening, the lines relative to the indicators show the performance of the country in each indicator. As for the lines related with the group of indicators present the weighted sum of every indicator in that group. The final results are obtained through the sum of every group of indicators result. As an example: United Arab Emirates = [0,55 x ((0,3 x 0,41) + (0,2 x 0,74) + (0,2 x 0,72) + (0,15 x 0,0084) + ( 0,15 x 0,04))] + [0,45 x ((0,25 x 0,81) + (0,25 x 0,79) + (0,2 x 0,72) + (0,1 x 0,97) + (0,1 x 0,5) + (0,1 x 0,4))] = 0,56.

**Table 17. Fine Grant Screening**

| | Weight | UAE | Qatar | Czech Republic | Hungary | Rep. of Korea | Taiwan | Poland | Romania |
|---|---|---|---|---|---|---|---|---|---|
| **Country Attractiveness** | **55%** | **0,23** | **0,24** | **0,2** | **0,19** | **0,2** | **0,19** | **0,16** | **0,14** |
| GDP per Capita | 0,3 | 0,41 | 0,71 | 0,23 | 0,16 | 0,31 | 0,25 | 0,15 | 0,12 |
| Competitiveness Index | 0,2 | 0,74 | 0,76 | 0,67 | 0,60 | 0,71 | 0,76 | 0,64 | 0,61 |
| Imports (% of GDP) | 0,2 | 0,72 | 0,37 | 0,72 | 0,81 | 0,38 | 0,45 | 0,5 | 0,44 |
| Olive Oil Trade (% of GDP) | 0,15 | 0,0084 | 0,0085 | 0,0082 | 0,0078 | 0,0038 | 0,0026 | 0,0086 | 0,0068 |
| Tariff Rate on Primary Products | 0,15 | 0,04 | 0,03 | 0,05 | 0,05 | 0,31 | 0,15 | 0,05 | 0,05 |
| | | | | | | | | | |
| **Doing Business Internationally** | **45%** | **0,33** | **0,3** | **0,32** | **0,31** | **0,29** | **0,29** | **0,31** | **0,3** |
| Ease of Doing Business | 0,25 | 0,81 | 0,66 | 0,76 | 0,72 | 0,84 | 0,81 | 0,77 | 0,72 |
| Logistics Performance Index | 0,25 | 0,79 | 0,68 | 0,74 | 0,68 | 0,72 | 0,72 | 0,71 | 0,62 |
| BER Index | 0,2 | 0,72 | 0,75 | 0,73 | 0,66 | 0,65 | 0,79 | 0,73 | 0,74 |
| Internet Penetration | 0,1 | 0,97 | 0,96 | 0,88 | 0,89 | 0,92 | 0,88 | 0,78 | 0,74 |
| Cultural Proximity | 0,1 | 0,5 | 0,5 | 0,5 | 0,5 | 0 | 0 | 0,5 | 0,5 |
| Geographical Proximity | 0,1 | 0,4 | 0,4 | 0,5 | 0,5 | 0,25 | 0,25 | 0,5 | 0,5 |
| | | | | | | | | | |
| TOTAL | **100%** | **0,56** | **0,55** | **0,51** | **0,49** | **0,48** | **0,48** | **0,47** | **0,44** |

**Source: The author, 2019**

Following the last screening, Table 18 – Fine Grant Screening Ranking presents the countries' results and the highest ranked country. As can be seen, the country that scored the highest considering every indicator was the UAE, thus being the selected market. Following UAE, Qatar and the Czech Republic came as the second and third most valued markets respectively. Even though the UAE got the overall first place, Qatar was the most attractive market. Nonetheless, UAE was the most valuable market in the of "Doing Business Internationally" group of indicators.

**Table 18. Fine Grant Screening Ranking**

| | | COUNTRY | SCORE |
|---|---|---|---|
| 1.º | | UAE | 0,56 |
| 2.º | | Qatar | 0,55 |
| 3.º | | Czech Republic | 0,51 |
| 4.º | | Hungary | 0,49 |
| 5.º | | Republic of Korea | 0,48 |
| | | Taiwan | 0,48 |
| 7.º | | Poland | 0,47 |
| 8.º | | Romania | 0,44 |

**Source: The author, 2019**

Therefore, the next step will be analysing the Emirati market, in order to possess a deep understanding of the market and the country, which will be crucial to develop a strategic plan for Ourogal to implement in the country.

## 8.3 ANALYSIS OF THE EMIRATI MARKET

### 8.3.1 Overview

Located in the Northeastern part of the Arab Peninsula, extending over 71 thousand square meters of land, the UAE is a rather recent country. Created in 1971, this constitutional federation is composed by seven emirates: Abu Dhabi, the country’s capital, Dubai, Sharjah, Ajman, Umm Al Quwain, Ras Al Khaimah and Fujeirah. Considered one of the most developed countries in terms of infrastructures, this desert and mountainous country not only possesses a highly developed welfare system, but also owns the world’s sixth largest oil reserve that made them one of the richest nations in the world (The UAE’s Government, 2019).

### 8.3.2 Political

**The political branches: the Emirates and the Federal Supreme Council**

The UAE’s executive power is managed by two different entities: a local one and a national one. Locally, each of the seven emirates that compose the UAE are autonomously governed by their own Emir and their administration. Nonetheless and on a national level, the Federal Supreme Council is the highest constitutional authority, also holding the legislative power (Santander Trade Portal website, 2019).

**The Federal Supreme Council**

The Council is composed by the Emirs of the seven Emirates, each Emirate holding one vote. The President of the Council has always been the head of the Al Nahyan family, the rulers of Abu Dhabi and the Vice-President is always the head of the Al Maktoum family, the rulers of Dubai. Currently, the President is Sheikh Khalifa Bin Zayed Al Nahyan and the Vice-President and Prime Minister of the UAE is Sheikh Mohammed Bin Rashid Al Maktoum. The remaining cabinet is distributed mainly by other members of the six ruling families of the UAE (The UAE’s Government, 2019; Santander Trade Portal, 2019).

**Federal National Council**

Furthermore, the UAE has a Federal National Council, which is a consultative council, although the closest UAE has to a Parliament. Formed by 40 members, 20 of which are appointed by the President and the remaining 20 elected by the citizens according to each Emirate demographic weight for a two-year mandate (*ibidem*).

**Cabinet Composition**

The cabinet is composed by 32 members, of which there are a Prime Minister that accumulates the position of Minister of Defence, two Deputy Prime Minister that combines their functions with the Ministry of Interior and the Ministry of Presidential Affairs. Then, there are a Minister of Tolerance, a Minister of Cabinet Affairs and Future, a Minister of Economy, a Minister of Health and Prevention, which is also the Minister of State for Federal National Council Affairs. There are a Minister of State for Foreign Affairs, a Minister of State for Financial Affairs, a Minister of State for International Cooperation, a Minister of Energy and Industry, a Minister of Education, a Minister of Infrastructure Development, a Minister of Justice, a Minister of State for Defence Affairs, a Minister of Culture and Knowledge Development, a Minister of Climate Change and Environment, a Minister of Human Resources and Emiratisation, a Minister of Community Development, a Minister of State for General Education, a Minister of State for Higher Education and Advanced Skills, a Minister of State for Happiness and Wellbeing, a Minister of State for Youth Affairs, a Minister of State for Future Food Security, a Minister of State for Advanced Sciences, a Minister of State for Artificial Intelligence and three Ministers of State with no designated responsibility (The UAE's Government, 2019).

### 8.3.3 Economic

**Economic Context**

The UAE enjoys a strategic location between continents that makes them one of the biggest export hubs in the world, the biggest in the region and the gateway to the Middle East markets. Moreover, its largest Emirate, Abu Dhabi, possesses the fourth biggest sovereign wealth fund, which has an estimated value of 828 billion US dollars.

Not only is the UAE one of the most promising investor home economies, but the country also holds strong financial reserves, which will grow to 118,4 billion US dollars in 2020, and a durable banking sector, which makes the safest investing country in the Middle East and Africa region. During 2017, the UAE attracted 10,4 billion US dollars of foreign direct investment. One of their biggest attractions are the 45 Free Zones all over the country that offer economic incentives such as 100 percent of profit repatriation or exemption from corporate taxes and trade duties.

Furthermore, the government has a consistent spending on infrastructures. There has been many new projects occurring in Dubai to host the World Expo 2020. Also, the country focused on the Etihad Rail project, which will improve significantly the land transportations by 2021.

Known for the dependence on the oil industry, the UAE is now centered in economic diversification policies. So far, they have made remarkable developments in sectors like air transport, tourism, trade, financial services, manufacturing and alternative energy (The UAE's Government, 2019).

**Economic Outlook**

In 2017, the UAE obtained a poor economic performance resulting from several factors such as cuts in the extraction of oil, a reduction of government spending on investments, a declining in the real estate prices and also due to corporate restructuring. In order to overcome these results the Emirati government launched some fiscal policies, increased the public investment, and initiated some structural reforms, to be implemented over a period of three years.

In 2018, UAE's economy recovered and grew 2,9%. An increase in oil revenues permitted liquidity in the banking system and a growth in private credit, as well as an increase in bank profitability due to higher interest rates having led to an account surplus. Moreover, the growth of investment and private credit sector permitted a rise in the non-oil growth, which is expected to reach 3,9% in the current year. In terms of debt, UAE's governmental gross debt stood at 17,8%, being expected to remain unaltered until 2020.

The country is expected to return to a consolidation fiscal policy in 2020 when the private sector activity gets back to normality and the fiscal balance turns into a surplus. On top of that, UAE expects to receive an economic push since they will host the 2020's World Expo (The UAE's Government, 2019).

### Gross Domestic Product and Purchasing Power

Over the last five years, the UAE's nominal GDP has not had a constant growth or decline. In 2014, the GDP was USD 403,14 billion and decreased until 2016 (USD 357,05 billion). However, it has grown ever since, and last year the GDP has registered the highest value since 2014, which was at USD 424,64 billion, placing the country as the 29th wealthiest country worldwide. Although the country's GDP has been inconstant, the world's total GDP has presented, over the same period, a similar pattern. Between 2014 and 2015, the GDP has decreased (less USD 4.160 billion) like in the UAE (less USD 45 billion). The only difference resides in the year the GDP started to grow (worldwide in 2015 and in the UAE in 2016). Since then, the GDP has grown every year, and like in the UAE, the maximum registered value worldwide in this period was achieved in 2018 with USD 84.740 billion (IMF datasets, 2019).

**Table 19. The UAE and the World's GDP from 2014 to 2018 (in billion USD)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **UAE** | 403,14 | 358,14 | 357,05 | 382,58 | 424,64 |
| **World** | 78.850,00 | 74.690,00 | 75.730,00 | 80.140,00 | 84.740,00 |

**Source: IMF datasets, 2019**

In the same period, the purchasing power in the country, which is measured through the GDP (nominal) per capita has presented the same trend as in the GDP, both at world and country level. In 2014, the UAE presented the highest value of the period (USD 43.340) and the world average the second best (USD 11.060). The following year, both have decreased, and the wold average reached its minimum (USD 10.360), growing from that moment on, until in 2018 reaching its maximum (USD 11.350). In the UAE's case, the GDP per capita, decreased until 2016 when it reached its minimum (USD 36.230), and since then the purchasing power has risen, presenting, the last year, the second highest value in this 5-year period (USD 40.710) that places the UAE in 23th place worldwide (*ibidem*).

**Table 20. The World’s average and the UAE’s GDP per capita from 2014 to 2018 (in USD)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **UAE** | 43.340 | 37.380 | 36.230 | 37.730 | 40.710 |
| **World** | 11.060 | 10.360 | 10.380 | 10.860 | 11.350 |

**Source: IMF datasets, 2019**

The reason behind the big fall observed in the values of 2014 to 2015 may be attributed to an economic recession caused by the Yen’s value loss, China’s poor economic performance, which led to a fall in the US stock market. On top of that, there has also been an energetic crisis, as the oil prices have steeply fallen to historic lows, which increased oil investor debts and consequent liquidations. Since then, the economy has been recovering, which explains 2018 values (CNN Business, 2015; Reuters, 2016).

**Currency and Exchange Rate**

UAE’s currency is the UAE Dirham, which are presented in AED 1, 50 and 25 fils coins, as well as 5, 10, 20, 50, 100, 200, 500 and 1000 AED bills. According to the XE, in 2018, 1 AED values Euro (EUR) 0,233 and USD 0,272. Although the AED rate to USD has remained constant since 2014, the difference to the EUR has decreased. In 2014, the AED valued EUR 0,199, however, the next year the EUR’s value has significantly dropped due to the threat of US interest rates growth, the Greece’s poor economic situation and also due to some policies implemented by the European Central Bank (The Guardian, 2015). Consequently, the AED saw its value increase to a maximum in this period (EUR 0,247). Since then, the EUR has been recovering and the AED lightly decreased its value every year. Nevertheless, this decrease in the AED rate to the EUR has benefitted the European exporters, because their products began to appear as more attractive to Emiratis, since the Emiratis can now purchase more European products with the same amount of money.

**Table 21. AED rate to EUR and USD from 2014 to 2018**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **AED-EUR** | 0,199 | 0,247 | 0,245 | 0,238 | 0,233 |
| **AED-USD** | 0,272 | 0,272 | 0,272 | 0,272 | 0,272 |

**Source: XE, 2018**

**Unemployment Rate**

The country has one of the lowest unemployment rates in the Middle East region and strongly relies on foreign labour, which accounts for 85% of the workforce (Santander Trade Portal, 2019). Unlike the world average trend that rose until 2016 (5,22%) and then decreased, presenting its minimum value in 2018 (4,95%), the unemployment rate in the UAE, between the 2014 and 2016, fell to its lowest in 2016 (1,64%), and from that year on the rate has grown to its highest value 2,57% in 2018 (World Bank, 2019). Nevertheless, the government's commitment is to decrease the unemployment rate among national citizens to 1% by 2021 (Santander Trade Portal, 2019).

**Table 22. The World's average and the UAE's Unemployment Rate from 2014 to 2018 (%)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **UAE** | 2,44 | 2,1 | 1,64 | 2,46 | 2,57 |
| **World** | 5,19 | 5,22 | 5,22 | 5,05 | 4,95 |

**Source: World Bank, 2019**

**Inflation Rate**

As for the UAE's and the World's Inflation Rates, they have shown different trend over the last 5 years. The UAE's rate has increased from 2014 to 2015, when it reached a maximum (4,07%). The following year registered it lowest value (1,62%), and in the next years the inflation has increased. However it is expected to lower to 1,9% the current year (World Bank, 2019; Santander Trade Portal, 2019). On the other hand, the World's inflation has decreased from

2014 to 2015, when it reached its minimum (1,42%) and has risen since then, presenting it highest value (2,51%) last year (World Bank, 2019).

**Table 23. The World's and the UAE's Inflation Rate from 2014 to 2018 (%)**

| | **2014** | **2015** | **2016** | **2017** | **2018** |
|---|---|---|---|---|---|
| **UAE** | 2,35 | 4,07 | 1,62 | 1,97 | 3,07 |
| **World** | 2,24 | 1,41 | 1,43 | 2,18 | 2,51 |

**Source: World Bank, 2019**

**Main Sectors of Industry**

Since the UAE is a desert country, the primary sector is residual accounting for only 0,7% of the GDP and employing only 0,34% of the workforce. The main activities are fishing and date-growing.

The secondary sector, or the activities related to manufacturing, is the most important sector in the country, contributing 53,4% for the GDP and employing 38,7% of the workforce. Even though the oil industry is the biggest contributor with 30% of all the sector, and UAE's reserves will last 100 more years, the oil and gas sector is decreasing due to the policies of economic diversification. Today, activities like metal processing, furniture, petrochemical industry, construction materials, real estate, among others are growing steadily.

In a way to better understand the efforts the UAE's government has made to diversify their economy to non-oil, the following table shows the growth of the UAE's GDP attributed to oil and non-oil activities between 2014 and 2018. As can be seen, only in 2015, the growth attributed to oil activities surpassed 3%, and not only in 2014 the growth percentage was residual (0,4%), but also in 2017 the oil activities contributed to a 3% decrease in the country's GDP. On the other hand, just twice over this period, the non-oil activities have not contributed with more than 3% for the GDP growth, one of which (2018) stayed at 2,9% (IMF, 2017; IMF, 2019).

**Table 24. Real GDP growth attributed to Oil and Non-Oil activities from 2014 to 2018 (%)**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **Oil** | 0,4 | 5,2 | 2,6 | (3) | 2,9 |
| **Non-Oil** | 4,6 | 5 | 3,2 | 2,5 | 2,9 |

**Source: IMF, 2017; IMF, 2019**

The tertiary sector accounts for 45,9% of the GDP and employs 61% of the total workforce. The main activities of this sector are air transportation, tourism, international trade and financial activities (Santander Trade Portal, 2019).

**Trade Balance**

The UAE's trade balance has always been negative between 2013 and 2017, as they strongly rely the imports. From 2013, the best year with a negative value of USD 9 billion, until 2015 the country's balance got more negative, when it showed a maximum negative value of USD 70 billion. The following year, the difference between imports and exports has significantly softened, displaying an increase of USD 48 billion. However, in 2017 the negative value has accentuated, once again, and the UAE held a negative trade balance of USD 34 billion (OEC, 2018).

**Table 25. UAE's Trade Balance from 2013 to 2017 (USD billions)**

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| **Imports** | (206.000) | (213.000) | (217.000) | (196.000) | (176.000) |
| **Exports** | 197.000 | 186.000 | 147.000 | 174.000 | 142.000 |
| **Trade Balance** | (9.000) | (27.000) | (70.000) | (22.000) | (34.000) |

**Source: OEC, 2018**

Among UAE's top exports we can find the crude and refined petroleum, gold and diamonds. When it comes to the imports we can find gold, diamonds and jewellery, cars and refined petroleum (*ibidem*).

### 8.3.4 Social

**Demography**

The current year, UAE has a combined population of nationals and non-nationals of 9.771.000 people, of which 6.767.000 are male and 3.004.000 are female. Nonetheless, the Emirati people are a minority inside their country. Estimates from 2010 stated that less than one million people had Emirati citizenship. For instance, there are more than 200 nationalities living in the country, the large majority being Indian, Pakistani and Bangladeshi (UN Population Division, 2019; The UAE Government, 2019).

The country has several big cities in terms of population, but only one surpasses the one million people barrier, and that is Dubai with 1.137.347 people. However, two other cities have more than 500.000 people, Abu Dhabi with 603.492 people and Sharjah with 543.733 people. These three cities have the particularity of being geographically close. The farthest cities, Abu Dhabi and Sharjah, are only 160 km apart. Moreover, in terms of population density, the UAE has 116,9 people per $km^2$ (World Population Review, 2019; UN Population Division, 2019).

The life expectancy of a person living in the UAE in 2016 was 77,1 years. As for the illiteracy rate, governmental studies from 2014 showed a rate smaller than 1% (The UAE Government, 2019).

**Culture**

In the UAE, Arabic is the official language, but due to the high number of expatriates other languages, such as Bengali, English, Farsi, Hindi, Mandarin and Russian, are widely spoken (The UAE Government, 2019).

Furthermore, the majority follows Islam, thus the working days are different from the western countries. The governmental and public institutions work from Sunday to Thursday. On the other hand, some private companies only close on Friday and others follow the occidental schedule. Even though, UAE follows the Islamic rules, other religions are allowed in the territory (*ibidem*).

The Emiratis have strait ties to their nomadic heritage. For that reason families still live together in the same house, where they share the main aspects of their everyday lives. Nonetheless, the

Emiratis are very sociable. They like to meet people and to host them in their houses. They characterize themselves as hospitable, tolerant, solidary, cooperative and favouring family cohesion. When two Emirati men salute, they rub their noses against each other at the same time they join their foreheads (*ibidem*).

**Food**

The Emirati cuisine lays on what the nature provided them back when they were nomad tribes, as they lived off the desert and the sea. The fish, abundant in their coast, was the central ingredient of their diet, but for tribes that were far from the coast, they relied mostly on camel milk, sheep, goat and camel meat, as well as in dates that grow in palm trees. Nowadays, this fruit is still so important in their culture that they stop the fasting during the Ramadan with dates. Also, coffee is an ingredient that is strongly present in their food culture. Every time an Emirati welcomes someone at their home they present their guests with Arabic coffee and dates (The UAE government, 2019).

As the years went by, the Emirati people started trading with foreign countries and began importing rice and spices, which are now very important in their cuisine. Cinnamon, saffron and turmeric are the most used spices, along with dried fruits, nuts and limes. Before the introduction of rice, bread and pancakes were the most common sidings to their dishes (*ibidem*).

These days, the food scene in the UAE is globalized. Since there are so many foreigners living in the country, they end up bringing their own culture to the country. Consequently, the nation has a lot of restaurants, bars and café of wide range of cuisines, mainly Asian, but also Mediterranean, South American and African. Also, several food festivals occur in UAE's biggest cities. The most famous are the Dubai Food Festival, the Taste Abu Dhabi and the Sharjah Food Festival that offer world cuisines to their citizens (*ibidem*).

### 8.3.5 Technological

Lately, the UAE is aiming to diversify its economy with non-oil activities. In that way, the country has been placing its efforts on being the global leaders in innovation and technology. To accomplish that objective, the UAE have developed several initiatives and programmes, such as the world's first 3D printed office, or the Museum of the Future, which is still under construction, and will showcase robotic technology, artificial intelligence and machine-based learning systems. Also, in order to attract tech-related start-ups, Dubai has launched the Dubai Future Accelerators that plans to captivate small to large companies with monetary funds, to create new solutions for traffic congestion reduction, education outcomes improvements or cutting water consumption (Economic Intelligence Unit, 2019).

However, UAE's efforts don't end in the above examples. The country is focused on big projects and has endeavoured in some technological areas like space, life and nuclear science and technology, information and communications technology (ICT), and education as a mean to develop science and technology (The UAE's government, 2019).

### 8.3.6 Environmental

The UAE divides its natural environment in three types. The desert environment that covers the largest part of the country, the mountain environment, where the country's freshwater systems are located, but also most of the UAE's fauna and flora. The third environment is the marine and coastal environment, which has a great relevance in the country's economy, as well as being the country's principal provider of food.

The UAE is focused on leaving a good impact on the environment, thus they have the Emirates Energy Strategy 2050, in which they intend to hold a clean energy share of 50% of the country's energy consumption, in addition to a 70% reduction of carbon emissions associated with electricity production. In order to do so, the country has introduced some measures that allied to innovative technologies will help them to achieve what they have proposed to accomplish. These initiatives include the adoption of cleaner energy options, an economic transformation into a green economy, the adoption of green architecture and sustainable construction, the sustainable improvement of the transportation sector, the ecological footprint minimization, using government accelerators to move faster towards their goals, as well as focusing on research and development of technologies (The UAE's Government, 2019).

**Clean Energy Projects**

The UAE only started their efforts in utilization of cleaner energy options in 2013, when the world's largest solar power plant was constructed in Abu Dhabi. Since then, they have doubled their production capacity. Nevertheless, the government's ultimate goal is to increase the share of solar energy in the energy mix of the country's most populous city, Dubai, to 25% in 2030 and 75% in 2050. Moreover, the UAE built four nuclear power plants that account for 26% of energy consumed in their biggest Emirate, Abu Dhabi. In 2013, the country started to convert waste into energy destined to produce electricity. Later, in 2015, they began a pilot project on renewable energy for desalination that resulted on a reduction of energy requirements by 40%, at the same time the developed improvements on energy efficiency and conservation related to oil and gas production.

The recognition for the country's effort on the utilization of cleaner energies came when the International Renewable Energy Agency located its headquarters in Abu Dhabi (*ibidem*).

**Green Development Strategy**

The UAE main goal is to convert its economy into a low-carbon green economy through a strategy based on climate change, as well as green energy, investment, life, technology and cities, always focusing on the pursuit of knowledge and innovation (*ibidem*).

**Sustainable Transport**

In 2015, the UAE had 3,2 million vehicles dependent on gasoline and diesel, therefore and aware of the future risks, the government introduced some measure such as periodic car inspections on pollutant emissions, improve the types of fuel used in the vehicles, adding to the incentives to increase the vehicles moved by natural gas, and also stimulation strategies to make mass transportation more attractive (*ibidem*).

**Green Architecture**

In the UAE, the building sector is accountable for 40% of the country's water consumption and for more than 70% of the country's electricity consumption. In order to lower these numbers, the government turned the Green Architecture approach mandatory in the country's biggest cities, Dubai and Abu Dhabi (*ibidem*).

**Ecological Footprint**

The country implemented the Emirates Ecological Footprint Initiative, which is the third of its kind in the world. This initiative is relevant because the policy makers, the decision-makers and the community members started to have this thematic in mind when they had to intervene.

Moreover, it allowed to apply new mechanisms of collecting and reviewing the data referent to the Ecological Footprint. Since then, the country has reduced its footprint from 12 hectares per capita in 2006 to less than 8 hectares 2014 (*ibidem*).

**Government Accelerators**

In 2017, and in an attempt to speed up the country's environmental goals, the government also engaged in these initiatives on its own, and decided to reduce the emission of nitrogen oxides in some of the country's companies by 10%. When the project ended, the results surpassed the initial objective and reduced the emission by 16% (*ibidem*).

### 8.3.7 Legal

**Import Tarrifs**

The UAE, along with Bahrain, Kuwait, Oman, Qatar and Saudi Arabia form the Gulf Cooperation Council (GCC). When a company is exporting to one of these countries they will have to pay custom duties to enter this union. Even if the firm wants to place their products in more than one of the GCC countries, it only has to pay for the custom duties once. The value of the custom duties is estimated on the Cost, Insurance and Freight (CIF) value that stands at a 5% rate. Nevertheless, there are some exceptions. Alcoholic products incur on a 50% rate, as for tobacco products a 100% custom duty is applied.

**Taxation**

Concerning the UAE's taxation system, the country does not charge Income Tax on individuals. However, they levy four other types of taxes, which are the Corporate Tax, the Value Added Tax (VAT), the Excise Tax and Tourist Taxes.

The Corporate Tax is levied solely to oil companies and foreign banks. The Excise Tax is applied to goods that potentially may harm people's health or the environment, namely to tobacco products (100%), carbonated drinks (50%) and energy drinks (100%). The government then applies the value referent to this tax to improvements on beneficial public services. The VAT is a tax on the consumption of goods and services charged at the point of sale, which is levied at a 5% rate in the UAE, and the amount given to the government is used to, once again, improve the public services and reduce the country's dependence on oil results as a source of revenue. Nevertheless not all companies have to register for VAT. Firms that own more than AED 375.000 of taxable supplies and imports per year are obliged to register and collect the VAT. On the other hand, for companies that have more than AED 187.500 of taxable supplies and imports per year, but less than AED 375.000 in the same period, the VAT is optional. The VAT is also applicable to the UAE's free zones. The free zone is only treated as a tax-free zone if the government defines the zone as a designated zone. Lastly, the Tourist Taxes may be applied in certain tourist facilities, like resorts, apartments, hotels and restaurants depending on the Emirate. For instance, a hotel in Dubai charges a tax ranging to AED 7 to 20 each night, and a hotel in Abu Dhabi demands a tax of 4% of the hotel bill plus an AED 15 tax for the same period. Additionally, and in order to avoid double taxation on investments, the UAE government has agreements with 94 other States (The UAE Government, 2019).

**Table 26. Taxation on the UAE**

| Tax | Application | Conditions |
|---|---|---|
| Income Tax on Individuals | No | No levy |
| Corporate Tax | Yes | Applicable to oil companies and foreign banks |
| Excise Tax | Yes | Applicable to tobacco products, carbonated and energy drinks |
| Value Added Tax | Yes | Applicable but dependent on the companies' taxable goods and services |
| Tourist Tax | Yes | Applicable but dependent on the Emirate and the facility |

**Source: The UAE Government, 2019**

### Packaging and Labelling Requirements

Moreover, the UAE's government establishes certain packaging and labelling requirements that have to be fulfilled in order to, legally, sell a product in the country (as illustrated in Annex 2.1 – Legal Context – Source: Santander Trade Portal, 2019; Export.gov, 2019).

Regarding the packaging, there are no major requirements other than ensure that the labels are easily readable and difficult to remove or falsify. Nonetheless, the requirements associated with the labelling are a few. The label has to display the name of the product, the brand, the packer and the distributor or importer, along with the address of the manufacturer and packer. It has to present a complete list of ingredients in order of proportion, as well as any additive used in the production process. If a product contains any animal fat or gelatine, there has to be a specification on which animal they come from. Unless water is part of the product's composition, the water content has to be labelled too. Additionally it has to show the manufacturing and expiry dates (day/month/year if the period is longer than three months; month/year if the period is shorter than three months), the transport and storage conditions, if the products are frozen, and also the lot identification and number. Furthermore, the label also has to display any instruction for storage, use and consumption, the net content weight and the product barcode (Santander Trade Portal, 2019; Export.gov, 2019).

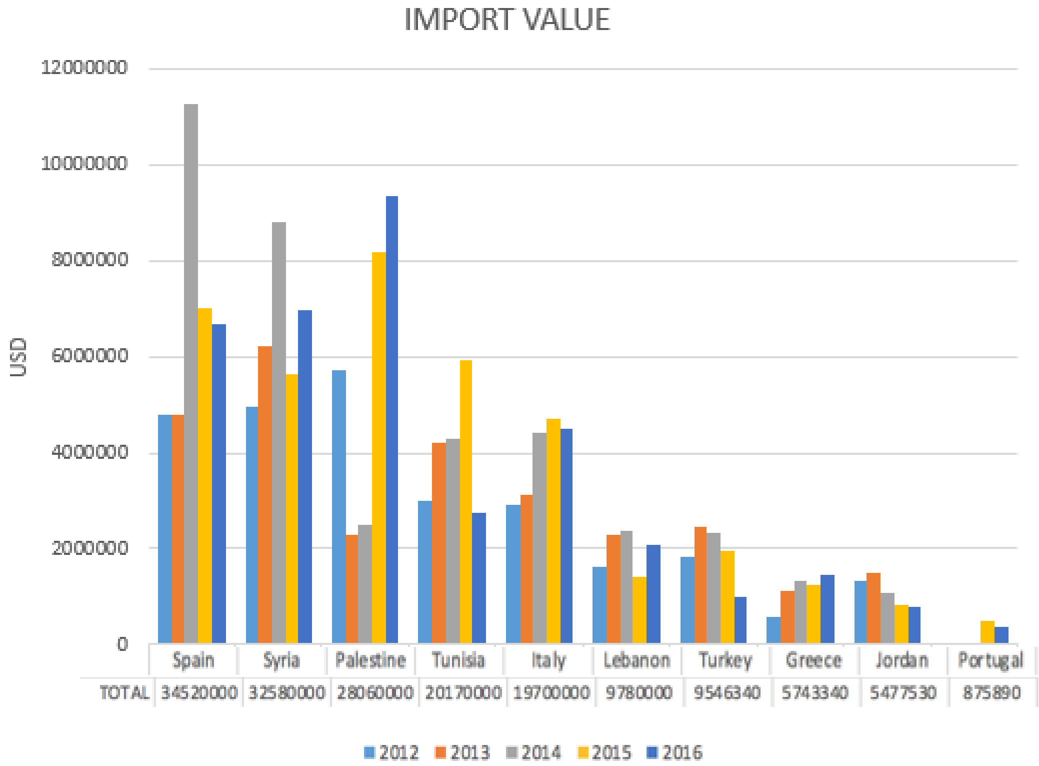
Besides these requirements, there are also other special requirement that are obligatory such as a "Made In" origin marking, a specification on whether the product is "halal" (according to Muslim rituals), the labels must be written in Arabic in addition to other languages (an Arabic sticker is allowed), the unit of measurement is the metric system and any date present in the label has to appear in the original manufacturing date, and not in the Muslim date, however it can also be shown. Lastly, any ingredient containing alcohol and pork is forbidden on food products (*ibidem*).

#### 8.3.8 Olive Oil Market

In 2016, the Emirati olive oil market was the 23rd country that imported the most olive oil worldwide and the 2nd in the Middle East, just behind Saudi Arabia. It represented an import value of 37.090.000 USD and an import quantity of 11.450 tonnes of olive oil (Tridge, 2016).

Chart 1 – UAE Import Value per country from 2012 to 2016 – shows the UAE's top 10 importers by value of import for a period of 5 years (2012-2016). Spain was the preferable market over these years since it sold USD 34.520.000, followed by Syria (USD 32.580.000) and Palestine (USD 28.060.000). Portugal closes the top 10 of importers with USD 875.890 of olive oil sold. We can also notice that among the top 10 countries, 6 are Muslim countries, which share many aspects of their cultures (*ibidem*).

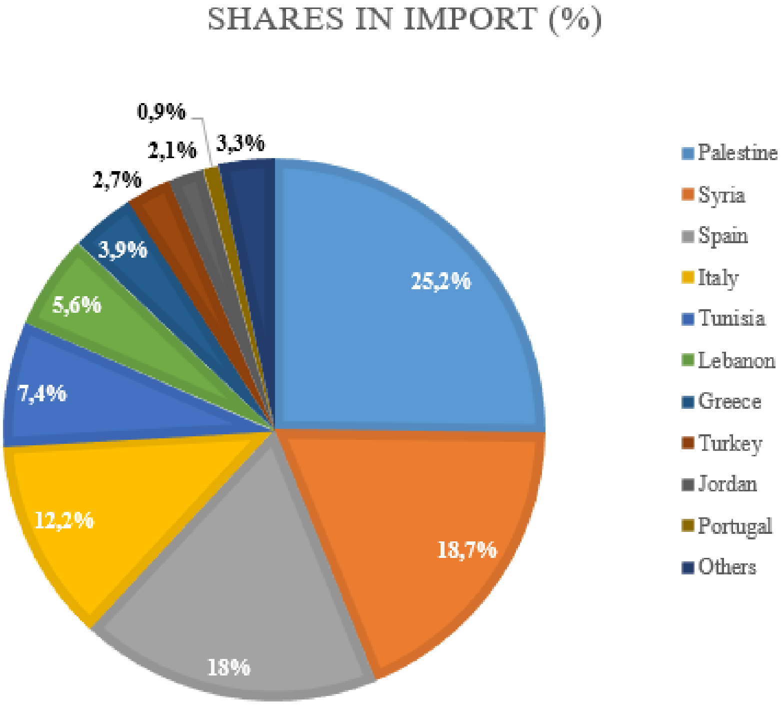
**Chart 1. UAE Import Value per country from 2012 to 2016**




**Source: Tridge, 2016**

As we can see in Chart 2 – UAE Shares in Import per country in 2016, in the last year of accessible data, Palestine was accountable for more than a quarter of the total olive oil imports to UAE. Furthermore, the top 4 importers (Palestine, Syria, Spain and Italy) together cover almost 75% of the total imports. Portugal is responsible for less than 1% of the total imports to the UAE and only 3,3% of the olive oil imported by the UAE come from other countries that are not in the top 10 (*ibidem*).

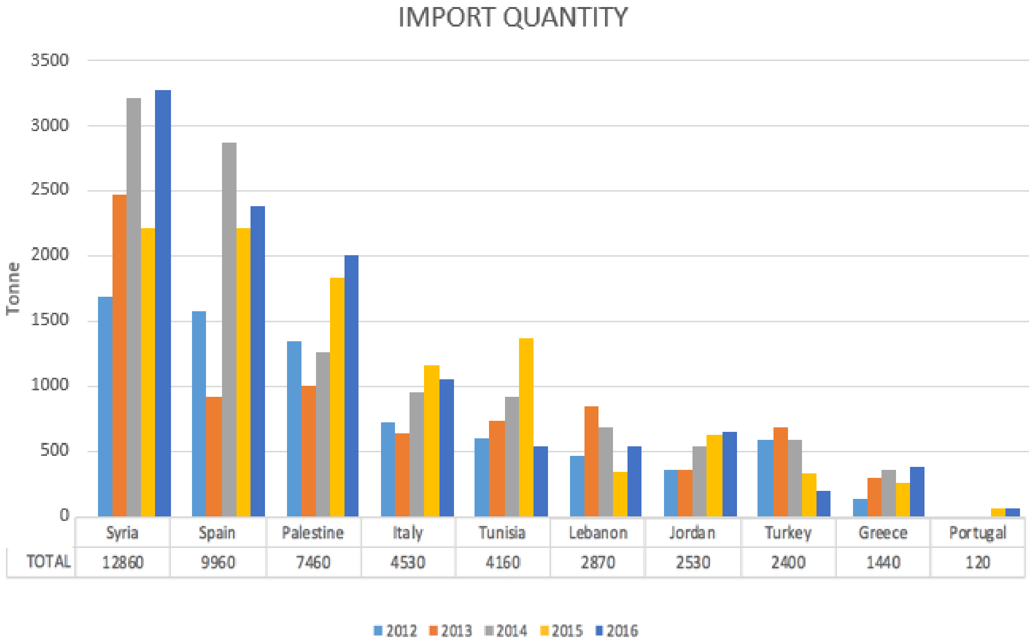
**Chart 2. UAE Shares in Import per country in 2016**




**Source: Tridge, 2016**

Regarding the quantity of the imports, Chart 3 – UAE Import Quantity per country from 2012 to 2016, shows that, over this period Syria has sold a bigger quantity of OO (12.860 tonnes) than its competitors. Following Syria comes Spain with 9.960 tonnes and Palestine with 7.460 tonnes. Once again, Portugal is the last among the top 10, since they only sold 120 tonnes of OO to the UAE from 2012 to 2016 (*ibidem*).

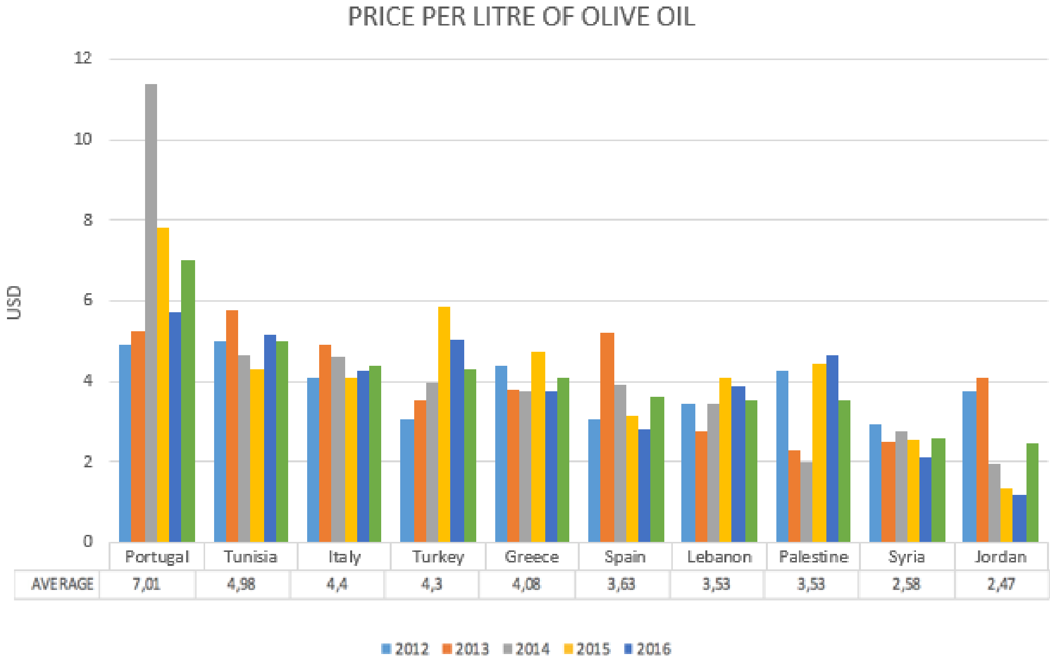
**Chart 3. UAE Import Quantity per country from 2012 to 2016**




**Source: Tridge, 2016**

Concerning the price per litre sold to the UAE, Portugal assumes the lead as the most expensive country with an average of USD 7,01 per litre over the course of these years, as we can see in Chart 4 – UAE Import Price per litre of Olive Oil per country from 2012 to 2016. Following Portugal, comes Tunisia (USD 4,98) and Italy (USD 4,4). The cheaper countries over this 5 year-period were Jordan (USD 2,47) and Syria (USD 2,58) (*ibidem*).

**Chart 4. UAE Import Price per litre of Olive Oil per country from 2012 to 2016**

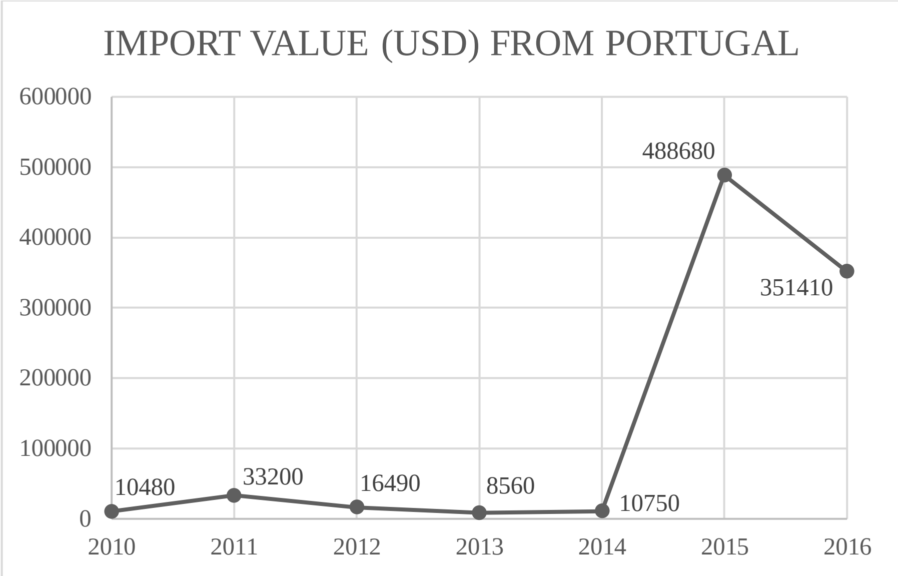



**Source: Tridge, 2016**

After providing an overview of the UAE's olive oil market associated to the top importers, the next graphics portray the evolution of the Portuguese performance from 2010 to 2016, which comprise every accessible data.

Chart 5 – UAE Import Value (USD) from Portugal – exhibits the import value from Portugal, and as we can see, between 2010 and 2014 the most lucrative year was 2011 with only USD 33.200, a lot far from the last two year in display, 2015 and 2016. The year 2015 was the turning point for Portugal, which was when Portugal registered the highest value (USD 488.680). The following year, 2016, Portugal registered a little drop (USD 351.410), however it was still very positive (Tridge, 2016).

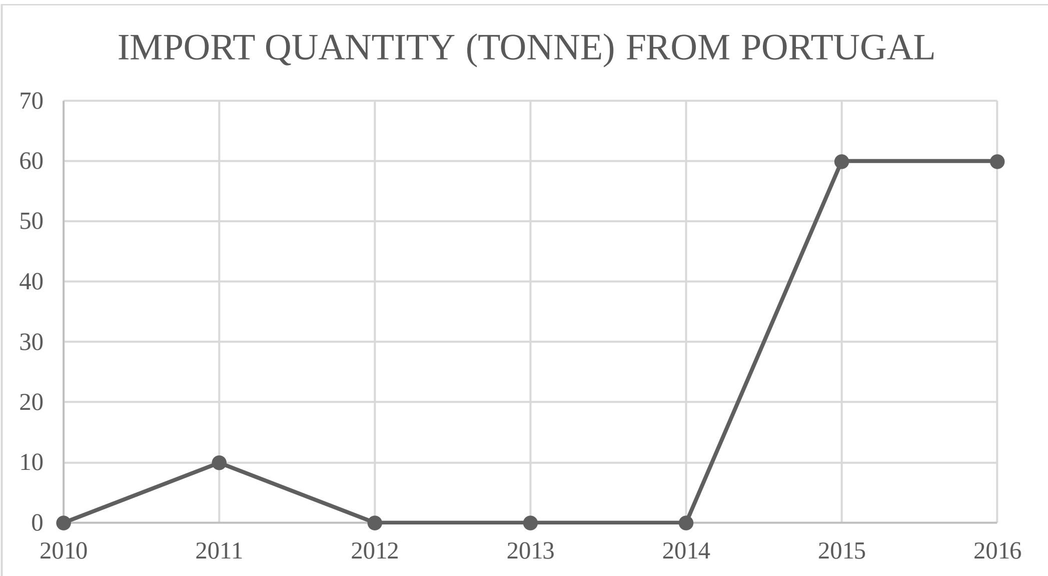
**Chart 5. UAE Import Value (USD) from Portugal**




**Source: Tridge, 2016**

The import quantity from Portugal followed the same tendency as the import value, as we can see in Chart 6 – UAE Import Quantity (tonne) from Portugal. Until 2014, the best year had been 2010 with 10 tonnes sold to the UAE, and the turning point was in 2015, when it was registered an import quantity of 60 tonnes from Portugal, the same as the following year (*ibidem*).

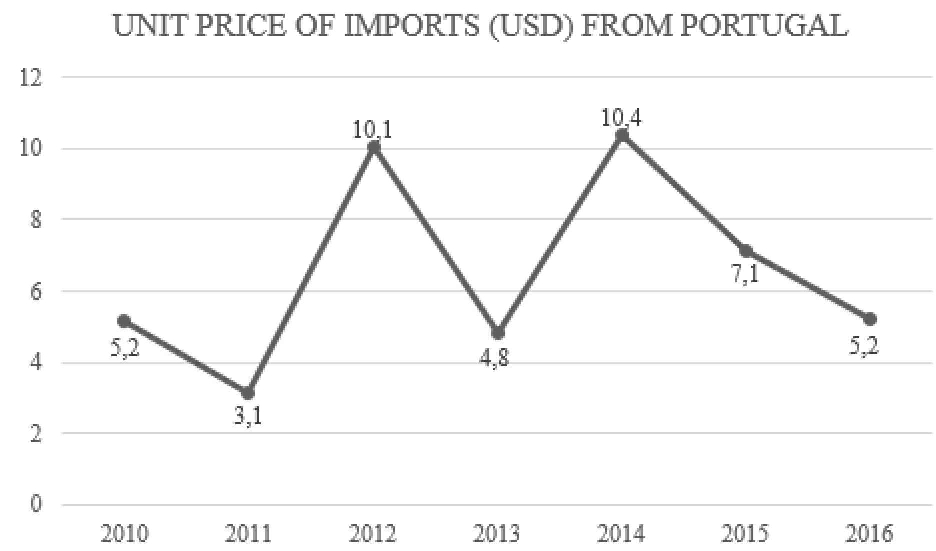
**Chart 6. UAE Import Quantity (tonne) from Portugal**




**Source: Tridge, 2016**

Finally, Chart 7 – UAE Imports Price (USD) per litre of Olive Oil from Portugal, presents the price per litre for which the olive oil entered the UAE from 2010 to 2016. Portuguese prices have been very inconstant during these years. There hasn't been an increase nor decrease trend, except for the last two years of data, which means that in one year the Portuguese prices grow considerably and in the next year they drop considerably. The lowest unit price during this period was in 2011 with USD 3,1 and the maximum unit price was registered in 2014 with USD 10,4. From the previous chart we noticed that the best year for Portugal regarding the quantity and the value of imports was 2015, in which the unit price stood at USD 7,1. The second best year was 2016, in which the unit price registered a fall from the previous year and stood at USD 5,2 per litre (*ibidem*).

**Chart 7. UAE Imports Price (USD) per litre of Olive Oil from Portugal**




**Source: Tridge, 2016**

### 8.3.9 Consumer's Behaviour

As stated above, a great part of the UAE population is composed by expatriates from a wide range of nationalities. This fact may intimidate companies that intend to enter the country, because they are led to think that it is going to be hard to study the consumer's behaviour. In fact, these days, the UAE is one of the most popular shopping destinations worldwide, which made the UAE consumers into big spenders. Not only they became big spenders but they also became difficult to impress, as their expectations have risen. Nevertheless, they are so loyal to their favourite brands that they prefer to buy from those brands even if they are more expensive than others (Word Bank, 2019).

To please the UAE's consumer, firms must be willing to impress the consumer with a personalized customer experience and a brand website that complements that it. Moreover, the UAE is the perfect market for luxurious brands, because not only the population is wealthy, but they also spend 30% of their monthly wages on luxury goods. For this reason, premium and gourmet brand are encouraged to stand out why are they different and better from their competition. Finally, the brands should take advantage of the demographics of the country. Even though, the female population in the country is around 30%, the purchases are influenced in 80% by women, meaning that when a brand is defining their strategy to the Emirati market, it is important to engage the female population (*ibidem*).

Concerning, the UAE consumer's behaviour on food, the preference for organic food is growing steadily every year. According to a survey conducted by YouGov and Arla Foods in 2018, the main causes for this trend are health reasons, as consumer are preferring healthy, natural and safer foods. Also, they are favouring ethical food choice, in which the brands are environmental and animal friendly. On the other hand, the same survey points out a few reasons that make some consumers not to opt for organic foods, which are mainly the higher prices, the inexistent habit to buy this type of foods, the lack of awareness of this food benefits and also the low availability in stores (Gulf News, 2018).

## 8.4 COMPETITIVE ANALYSIS

In order to analyse Ourogal's best qualities and areas to improve, as well as identifying the market opportunities and threats, a competitive analysis will be conducted, which will be translated in SWOT analysis.

### Strengths

- Family-owned business with almost two centuries of history;
- Situated in a PDO region (PDO of Ribatejo);
- Respect the environment and the natural cycle of their olive trees;
- Follow a non-industrial agriculture, ensuring the best quality to their products;
- Their strategy is focused on international markets;
- Sponsor the oldest olive tree in Portugal, which is one of the five oldest in Europe;
- Won several awards and prizes in international contests;
- Still maintains the ancient production traditions;
- Responsible for every part of their value chain, besides distribution, in order to ensure a quality service;
- Offer a wide range of premium and gourmet products.

### Weaknesses

- Ourogal has a small structure;
- Reliant on the success of each harvesting season;
- Vulnerable to price variations in the market;
- It is not an internationally known brand;
- Dependent on distributors and its costs;
- Lacks knowledge about the UAE's olive oil market and its dynamics;
- Dependent on the work of intermediaries;
- No brand awareness in the UAE, which reflects on the necessity to spend some financial resources to engage with the customers and find their spot in the market.

### Opportunities

- Growth of healthy and organic food consumption trends;
- Ourogal's products associated with the popular and healthy Mediterranean diet;
- Growth and globalization of the food scene;

### Threats

- Vulnerability to a new poor economic performance that may influence foreign businesses;
- Fluctuations of the AED;
- A future change of President may alter the current policies and vision for the country's future;

- Consumers are wealthy, spenders and enjoy luxurious, premium and gourmet products;
- Small taxation and tariff levels in the UAE;
- Weak agriculture sector and strong agri-food importers;
- Citizens share the same family, sharing and tradition values as Ourogal does;
- Olive oil proprieties are associated to the prevention of the UAE's most common diseases (diabetes, cardiovascular diseases and obesity).

- Localized in a turbulent geographical area with neighbours under situations of war or in eminence of war;
- Geographic and economic proximity to other big olive oil production countries;
- Vulnerable to weather phenomena;
- Portuguese olive oil has little tradition in the UAE comparing to other countries' olive oil;
- Prices of competitors from other countries are historically lower than the Portuguese ones.

## 8.5 STRATEGY FOR THE EMIRATI MARKET

### 8.5.1 Entry Mode

In order to define a strategy for the Emirati market, we have to define the best way to enter the country according to the literature review.

Ourogal has set every facility needed in its headquarters, to ensure the best quality to their products. For this reason the company usually works with the exporting entry mode. Established under sustainable objectives, Ourogal plans to grow sustainably, which means that the firm is not willing to spend huge amounts of resources and the lesser the risk, the better. However, since Ourogal possesses a strong structure and has vast experience on exporting, the preferable, and selected entry mode will be the direct exporting, which refuses the intervention of a trader, whose work will be done by the company itself.

### 8.5.2 Segmentation

Ourogal's strategy and products are oriented to more exclusive market segments, whether it is in Portugal, in the UAE or in other geography the firm is present. Even though they are not very restrictive in the type of customers they seek to reach, the customer's purchasing power is important as their products are placed at a premium/gourmet prices. Nonetheless, there are some criteria they consider when performing the segmentation process, which are Demographic (customer's age), Social (customer's occupation), Economic (customer's income) and Geographic (largest cities).

**Demographic**

In 2015, the UAE had a total of 9.263.000 inhabitants, of which the largest group is 20-49 year-old group that accounts for 73,8% of the country's population, followed by the 0-19 year-old group with 17,8%. The 50 or more years-old is only responsible for 8,4% of the population, which means that the country is young demographically.

**Table 27. UAE's Population by Age Group**

| **Age Group** | 0-19 | 20-49 | 50 or older |
|---|---|---|---|
| **Population** | 1.645.000 | 6.836.000 | 782.000 |
| **% of Total Population** | 17,8 | 73,8 | 8,4 |

**Source: United Nations Population Division, 2019**

Ourogal's regular customer are people that works, probably own or rent a house, do grocery shopping and cook, so the most related age groups are the 20-49 and the 50 or older, which account for 82,2% of the UAE's population.

**Social**

Ourogal looks for customer that own higher purchasing power, whom may have acquired a taste for premium products resultant from their experiences. Normally, people holding higher incomes can be found working in the tertiary sector of industry, which in the UAE represents 61% of the workforce, as stated earlier.

**Economic**

According to a 2019 survey on UAE salary performed by the Association of Accountants and Financial Professional in Business on people working in the business area, shows that the 50 and older age group has the highest average base salary plus compensations in the UAE, earning $394.399, which will be decrease as the age group get younger. However, even the lowest paid age group (20-29) already has a high annual income ($58.474).

**Table 28. Annual Income by Age Group in the UAE**

| Age Group | 20-29 | 30-39 | 40-49 | 50 and older |
|---|---|---|---|---|
| **Base Salary + Compensations ($)** | 58.474 | 99.247 | 144.757 | 394.399 |

**Source: Association of Accountants and Financial Professional in Business, 2019**

Considering that every age group earn a good income, allowing them to have a better life quality and a higher purchasing power, every age group is a potential client for Ourogal's products.

**Geographic**

Nonetheless, Ourogal prefers to centre their efforts where the majority of the people live. For this reason, the firm opts to be present mainly in the biggest cities, where their target group is bigger. Not only there are more people living in the largest cities, but that is where the major companies and services are located, meaning that there is probably where they can find wealthiest customers. In the UAE, only three cities surpass the 500.000 people barrier, which are Dubai (1.137.347 citizens), Abu Dhabi (603.492 citizens) and Sharjah (543.733 citizens), that not only are geographically close to each other, but also account for almost a quarter (23,4%) of the total country's population. Having this into consideration those are the main geographies to place the product.

**Table 29. Largest Emirati Cities by Population**

| City | Abu Dhabi | Dubai | Sharjah |
|---|---|---|---|
| **Population** | 603.492 | 1.137.347 | 543.733 |
| **% of Total Country's Population** | 6,2 | 11,6 | 5,6 |

**Source: World Population Review, 2019**

### 8.5.3 Targeting

Ourogal will follow essentially the same targeting strategy as in other locations. Its differentiated marketing strategy will focus solely on the Premium and Gourmet segments in the UAE.

**Premium and Gourmet segment**

Considering the high-quality characteristics of Ourogal's products, the Premium and Gourmet segment places itself as the most important for the company. Specifically, the endeavour in this exclusive and competitive segment is to place the products in the retail channels. Nonetheless, the types of retail channels may vary according to the type of olive oil. Premium quality EVOO is intended to be sold at specialty and organic supermarkets. As for the Gourmet EVOO will be available at Gourmet Groceries or any point of retail associated with Gourmet food. However, it is possible the Premium EVOOs end up being sold in the same place as the Gourmet options, or the other way around, because many times retailers in these segments sell both ranges at their stores.

### 8.5.4 Marketing – Mix

#### 8.5.4.1 Product

**Brand**

Considering that the word "Ourogal" is resultant from a portmanteau between the word "Ouro", which means gold in Portuguese and name of the country "Portugal", hindering the translation, and since, the Arabic alphabet has no linkage with the majority of the Latin alphabet, the name of the company, and consequently, the logo will remain unchanged in the UAE. However, this does not represent an issue because it is common for companies to maintain their names in the Latin alphabet.

**Illustration 1. Ourogal logo**

**Source: Ourogal, 2019**

**Range**

To define the range of products to place in the Emirates, we have analysed the existent offer in the UAE's gourmet and organic retailers and we concluded the only available product sizes are 250mL, 500mL, 750mL, 1L and 3L, of which 500mL is the most popular one.

**Table 30. EVOOs and VOOs offer in the UAE's gourmet and organic retailers**

| | |
|---|---|
| **250mL** | |
| Al Ard EVOO | Crudigno Oils EVOO |
| Oro del Desierto | |
| **500mL** | |
| AgroVim Greek EVOO | Al Ard EVOO |
| Barral EVOO | El Lagar del Soto |
| Epikouros EVOO Demeter | Esti EVOO |
| Lorenzo #1 EVOO | Organic Larder Tunisian Anfora |
| Oro del Desierto EVOO | Seggiano EVOO |
| Venta del Baron EVOO | |
| **750mL** | |
| AgroVim EVOO | Ecolomar EVOO |
| Organic Larder Greece | Organic Larder Spain |
| Organic Larder Tunisian | |
| **1L** | |
| Materia Prima EVOO | Seggiano EVOO |

| | |
|---|---|
| | **3L** |
| AgroVim EVOO | |

**Source: Ripe Organic Farm Shop; Organic Food and Café; Milk and Honey; Jones the Grocer; 2019**

Based on this analysis, and considering that currently Ourogal is not producing Millenarium and Delicat (Annex 3.1.1 – Range – Source: Ourogal, 2019), we will introduce in the UAE the Centenarium (1,5L), the Authentic (500mL), the Organic (500mL), the Equilibrium (500ml), which can be seen in Annex 1.1 – Products – Source; Ourogal, 20019, as well as the Mediterraneum (5000mL), which is similar as the presented in the above-mentioned annex, but in a different measure and holding a bigger package.

**Packaging and Labelling**

The packaging is one of the most important features in marketing since it is crucial for the product's conservation, the brand identification and product's image, as it was mentioned in the literature review. The package itself can position the product in a different segment just by the aspect of it, and for this reason Ourogal has recently been through a rebranding, in which they have changed the package of their products and adapted them for the international markets. All the products are packaged in glass bottles, besides the VOO, Mediterraneum, which holds a Polyethylene terephthalate (PET) package. Therefore there is no need to alter any of the packaging features besides the label.

Regarding the labelling there has to occur some changes since the Emirati government requires that the labels appear in Arabic. Thus, and since Ourogal owns the expertise and facilities to do so, it will be created a new label for the Arabic countries that maintains the same features as the existent label, but also respects the Emirati requirements. By doing this, Ourogal's label will be having the Arabic language in addition to the English and Portuguese language, targeting their products not only for the Emirati people, but also to the vast expatriate population the country holds.

**Product Life Cycle and Process**

The products will be introduced to the UAE in the last month of 2019 and will only start to be available to the Emirati market in the second half of 2020. This gap of time until the end of

2020 will comprehend the Introduction phase of the product’s life. The growth phase of the product’s life will begin in January, 2020, at the same time the growth promotion stage activities starts to be implemented, and will last until the end of 2022, when we expect the sales volume stabilizes. From 2023 into the future, will occur the maturity phase when we hope to continue increasing the sales volume more moderately, reducing the expenses, which will translate into bigger profits. The last phase of the products’ life, the decline, we cannot yet predict, however we intend to contradict that decline with the introduction of new and unique products to the market, like the Millenarium and the Delicat.

Ourogal distinguishes itself from the competition through the characteristics of its products, but also by ensuring every process is managed accordingly to its product’s quality. Thus, there is a long process under which the product goes to ensure the best experience to the final consumer, as it is illustrated in Annex 3.1.2. – Process – Source: The Author, 2019.

From the late weeks of October to the initial weeks of December, the olives are harvested from Ourogal's millenary and centenary grove. The time they reach the mill, the olives go under a transformation process that results on the olive oil. Then, they are stored in deposits until an order comes in. When the order is received, the olive oil is packaged and sent to the shipping port to be freighted to the importing country. After the customs duties are paid and all the bureaucracies overcame, Ourogal’s distribution partner collects the container's content and store them in the warehouse, where the inventory is quality checked. The next step is to deliver the products to our selling partners (retailers case) or to our final customer (Hotels and Restaurants case). Besides, this process there is a customer service process that comprises the monitoring of the agreement execution, the relationship strengthening, the reception of complaints and re-orderings and the market continuous study.

#### 8.5.4.2 Price

**Strategy**

Ourogal produces and sells exclusive and organic olive oils. Thus, if a customer wants high-quality and healthy products, he instantly knows it will be expensive. Therefore, Ourogal will adopt the skimming price strategy, charging higher prices in the beginning, which not only shows how exclusive the products are, but also offsets the high entry costs that will reduce over time. This will not be considered a drawback, since the target customers like luxurious and exclusive products, possess the money to purchase, and are willing to pay for this kind of products. Following that expense reduction, the products' prices may also slightly decrease to attract more customers.

**Pricing**

In order to establish a price, the first thing we did was a benchmark of the prices of the EVOOs sold in some of our potential selling points, and as we can see in Annex 3.2.1 – Prices in Emirati Retailers – Source: Ripe Organic Farm Shop, 2019; Organic Food and Café, 2019; Milk and Honey, 2019; Jones the Grocer, 2019, the average of prices for 250mL EVOOs varies from EUR 5,09 to EUR 21,37 in different retailers. Regarding the 500mL size, the average price varies from EUR 11,13 to EUR 28,20 also in different retailers. Concerning the 750ml EVOOs the average price is EUR 10,84, and the 1L EVOOs average is EUR 37,26. Lastly, the 3L EVOOs average cost is EUR 40,52. Taking these values in reference, and considering we are selling to other sizes of OO (1,5L and 5L), we will have to adapt them to the Emirati reality. Thus we defined our prices through the sum of our total costs, which are composed of the average of the fixed and variable costs Ourogal has in every location, plus the cost of selling in the UAE, to which we added our margin, which we assumed to be the same as the USA's margin since it is also a new market to the company, that finally led us to the selling price. On top of that, we attached a 70% increment on price, which is a normal policy of Ourogal when it comes to selling in more exclusive channels (See Annex 3.2.2 – Ourogal Prices in the UAE – Source: The Author, 2019, to view the explanation tables).

The following table resumes the prices we will apply in the UAE for an interval of 5 years (2020 to 2024). Our cheapest product will be the Equilibrium (500mL), whose price will vary from EUR 7,76 to 8,26, as for the other two 500mL EVOOs the prices will vary from EUR 10,04 to 11,52. Ourogal's most exclusive, but also the most expensive product will be the Centenarium (1,5L) that will cost EUR 35,85 and will decrease to EUR 35,36 in 2024. The VOO Mediterraneum (5L) will be sold for a price that varies from EUR 27,05 to 27,55.

**Table 31. Product's Selling Prices in the UAE's Retailers**

| EVOO and VOO | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Centenarium (1500mL)** | 35,85 € | 35,71 € | 35,52 € | 35,42 € | 35,36 € |
| **Authentic (500mL)** | 11,52 € | 11,38 € | 11,19 € | 11,08 € | 11,02 € |
| **Oganic (500mL)** | 10,54 € | 10,40 € | 10,21 € | 10,10 € | 10,04 € |
| **Equilibrium (500mL)** | 8,26 € | 8,12 € | 7,93 € | 7,83 € | 7,76 € |
| **Mediterraneum (5000mL)** | 27,55 € | 27,41 € | 27,22 € | 27,11 € | 27,05 € |

**Source: The Author, 2019**

### 8.5.4.3 Place

**Logistics and Distribution**

According to MoveHub website, the goods transportation from Lisbon to Dubai would take 1 to 3 days by air or 10 to 15 days by sea. Yet, the price of air freight would be a lot more expensive than the sea freight. Thus, the preferable mean of transportation will be the sea freight using a shipping container. The smallest container measures 33 cubic meter and the prices range from EUR 3193 to EUR 3528, however many times Ourogal will not need containers these big. Since it is possible to share containers, EUR 3528 will be the highest price to pay for the transportation of Ourogal's products to the UAE (MoveHub, 2019).

In the UAE, Ourogal will follow an intensive distribution strategy, which means they will select few strategic retailers. Also, Ourogal will not have any physical facilities in the UAE, therefore they will require a distribution partner in the country that will be responsible to collect the products when they arrive in the UAE, store them in their warehouse and distribute them to the outlets Ourogal intends to close agreements with. Considering that we only want to be present in specific retailers, we will follow selective distribution, which means the distributor only places the products in few strategic locations for the brand. Among several Emirati distributors, the selected company was Emirates Snack Food LLC because this company has excellent facilities and equipment, owns certifications on food safety, on top of 50 years of experience on the field. However the key factors that led the decision to fall on Emirates Snack Food LLC was the fact that they already work with gourmet products and also because they hold a marketing team that may help Ourogal a lot to understand the market and adapt its strategy if needed (Emirates Snack Food LLC, 2019).

Regarding the demand and inventory, in the first year of activity in the UAE market, Ourogal will not have data to forecast the demand by its clients, therefore during this time it will be used the demand driven strategy, meaning Ourogal will only ship products when there is an effective order. Still, there will be a reserve in the warehouse in case of stock-out. From that initial year onwards, Ourogal will try to forecast the demand in order to reduce costs, delivery times and the risk of stock-outs.

**Channels**

Considering the type of company Ourogal's is, as well as the type of products they produce and sell, the placement will be crucial to the success of the brand in the UAE. Consequently, Ourogal's EVOOs will only be available in exclusive channels in the UAE's three biggest cities (Abu Dhabi, Dubai and Sharjah), like specialty supermarkets, organic supermarkets and gourmet groceries.

Table 32. – Ourogal's products placement, help us distinguish the type of segment each product goes in, as well as potential place where they can be sold. Although the Premium products and the Gourmet products will possibly be sold in the same retailers, we will differentiate the placement, meaning that the Premium products will only be sold in Organic supermarkets (Ripe Organic Farm Shop and Organic Food and Café). The Gourmet products, plus the EVOO Equilibrium, will be present in the remaining retailing points. Due to the inexistence of Organic/Specialty/Gourmet groceries or supermarkets in Sharjah, the third biggest city, products will only be present in Abu Dhabi and Dubai retailers. Nonetheless, since Sharjah is connected to the city of Dubai, which owns a large number of these exclusive retailers spread across the city, Ourogal's products will certainly be reachable for Sharjah's citizens.

**Table 32. Ourogal’s products placement**

| SEGMENT | PRODUCT | PLACEMENT |
| --- | --- | --- |
| **Premium** | Mediterraneum | Ripe Organic Farm Shop<br>Organic Food and Café<br>Milk and Honey<br>Jones the Grocer<br>Wheatfields Gourmet Grocer and Café |
| | Organic | |
| | Equilibrium | |
| **Gourmet** | Centenarium | |
| | Authentic | |

**Source: The Author, 2019**

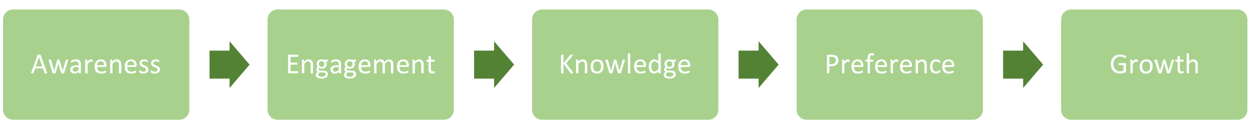
### 8.5.4.4 Promotion

The success of an activity depends on how well it was planned, hence the new entry of a brand in competitive segments and in a very distinct market has to be carefully planned. Firstly, we must define the promotion stages and set objectives for each stage. Then, we will determine the promotion activities that will help us to accomplish those objectives and explain how they will be implemented.

**Stages and Objectives**

The stages under which the brand and the products will be promoted are the Awareness, the Engagement, the Knowledge; the Preference and the Growth.

**Illustration 2. Promotion Stages**




**Source: The Author, 2019**

In the **Awareness** stage the objective is to introduce Ourogal and its products to the Emirati market and create brand awareness. In the **Engagement** the objective are to persuade consumers to taste and encourage them to purchase, as well as establish agreements with the retailers to place our products in their stores. The **Knowledge** stage will be used as way to increase the brand and product awareness knowing that we are established and growing the sales. The fourth stage, the **Preference**, will be conducted with the objective to build loyalty among the existent consumers and clients and engage new ones. The last stage, the **Growth**, is to enjoy the leverage the previous stages have given and use them to increase the sales and grow the market share sustainably.

**Activities**

<u>Awareness Stage</u>

- **Fair participation**

The easiest way to introduce Ourogal's brand and products to the general public and to professional, to network and establish relationships is to be present at Food and Gourmet Trade Fairs. Thus, Ourogal will be present at the SIAL Middle East in Abu Dhabi, an international food trade fair that occur every December. Also, it will be present in The Specialty Food Festival in Dubai, which is the largest event for gourmet and fine foods in the Middle East and Africa. This fair occurs yearly and the next edition will happen in April 2020.

- **Partner with José Avillez**

Another way to introduce the brand to the Emirati market is to partner with José Avillez, a world-renowned Portuguese Chef that owns a successful restaurant in the UAE named Tasca. The partnership would require the Chef to be the face of the brand in the UAE market by participating in social media advertisements, to be present in the fairs Ourogal will participate, transfer knowledge about the market and ease contacts with other colleagues and institutions.

- **Regular social media presence**

The focus on social media is crucial for the success of nowadays brands, and this is no exception. Ourogal will create an Instagram account and give dynamism to the Facebook page, on which will be shared regular content showing how Ourogal is special and different.

- **Present Ourogal’s millennary olive tree and centenary groves and their olive oil**

In every step of Ourogal introduction, the presentation of the millennary olive tree sponsored by Ourogal, as well as its centenary groves have to be highlighted. Costumers have to understand that Ourogal’s EVOOs not only have superior quality but they also come from ancient trees. This might be a relevant information considering that the UAE has less than 50 years as a country.

Engagement Stage

- **Fair presence**

On this stage, the fair presence continues to be important, since Ourogal is no stranger to the market anymore. The focus is to continue to engage with more potential customers.

- **Offer exclusive products to the Royal family and the remaining ruling families**

As a way of showing our utmost respect for the country, its citizens and their rulers, Ourogal will offer limited edition gift boxes containing a Centenarium and an Authentic bottle to the Royal family and the remaining ruling families.

- **Promote a colloquium about the olive oil and its health benefits**

In order to emphasise the olive oil benefits, we will organize and sponsor a colloquium at a food fair, where we will invite renowned Emirati doctors and investigators to debate this thematic.

Knowledge Stage

- **Live cooking classes with Chef José Avillez**

In order for people to have a closer contact with our EVOOs potentialities, Ourogal will also organise regular live cooking classes with our partner Chef, José Avillez, for anyone who want to be part, upon registration.

Preference Stage

- **Sponsor hospitality and cooking schools**

It is crucial to prepare the future, and sponsoring with our olive oils hospitality schools like the Emirates Academy of Hospitality Management or cooking schools like the International Centre for Culinary Arts may have a huge impact in the sustainability of the brand in the Emirates, since engaging the students of today, who will become the future Hotel general managers and influencer Chefs may result on profits to Ourogal tomorrow.

- **Promote an exclusive dinner with world-renowned Chefs**

In order to build loyalty with wealthy customers, we will organise an exclusive and limited-seat dinner made by world-renowned Chefs to have our name and logo associated with an upper-class Emirati social event.

- **Promote exclusive olive oil tasting courses**

During food events and fairs, we will organise olive oil tasting courses, using our range of products, for anyone who desires to join upon registration.

Growth Stage

- **Focus on social media content**

At this stage, it is important to keep the interaction with our customers on social media with new and appealing content, as well as sharing our next events and experiences, enjoying the leverage the previous activities.

- **Turn the exclusive dinner with world-renowned chefs into a yearly event**

Lastly, we will turn the exclusive dinner in a yearly social event with the same purpose as previous events of this stage.

In Table 33. Promotion Activities throughout the time, we can find a detailed calendar of the promotion activities throughout the year until 2021. After 2021, the promotional activities may or may not be changed, or even repeated depending on the acceptability of these events by the Emiratis.

**Table 33. Promotion Activities throughout the time**

| | 2020 | | | | | | | | | 2021 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q2 | | | Q3 | | | Q4 | | | Q1 | | | Q2 | | | Q3 | | | Q4 | | |
| | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Fair Participation | ■ | | | | | | | | ■ | | | | ■ | | | | | | | | ■ |
| Partner with Chef José Avillez | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Regular Social Media Presence | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Millenary Olive Tree and Centenary Grove Presentation | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Gift Boxes Offer | | | | ■ | | | | | | | | | | | | | | | | | |
| Colloquim about Health Benefits | | | | | | | | | ■ | | | | | | | | | | | | |
| Live Cooking with Chef José Avillez | | | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Sponsor Hospitality and Cooking Schools | | | | | | | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Exclusive Dinner with World-renowned Chefs | | | | | | | | ■ | | | | | | | | | | | | ■ | |
| Olive Oil Tasting Courses Promotion | | | | | | | | | ■ | | | | ■ | | | | ■ | | | | ■ |

**Source: The Author, 2019**

# 9. FINANCIAL ANALYSIS

## 9.1 GROWTH AND SALES

In order to define Ourogal's sales in the UAE, we first need to estimate the quantity that the company would sell in the Emirates. Considering that Ourogal began its operations in the USA in 2019 with a projection of 5730 sold units that market, we have assumed this value as the quantity of OO we will sell in Emirates in 2020. The adopted growth rate to determine 2021 quantities was the average growth rate of Ourogal's four markets (Portugal, Brazil, Europe, and the USA), which lies at 31,52%. Nevertheless, due to the increase in the number of retailers where the products will be available, as well as the strong investment in promotion that will enable Ourogal to gain plenty of brand awareness, the growth rate from 2022 onwards will be 72,22%.

Regarding the sales, throughout this project we estimate to sell a total of EUR 925.381,67. From 2020 (EUR 62.996,66) to 2021 (EUR 818.688,45) we will register a growth of 77% on sales, the highest value over these years. In the following two years (EUR 136.676,53 in 2022 and EUR 236.586,23 in 2023), the growth rate will decrease but will remain stable at 59%. In 2024, the growth rate also decreases (58%), this time 1% concerning the previous ones, still we will register the highest sales value in all the years (EUR 405.253,8). Overall, our best-seller will be the Equilibrium, which displays the highest values of sales and quantities sold over the 5 years. The reason why Equilibrium is the best-selling product is related to its price. In fact, this is the cheapest OO of all range, and consequently easily sold, which makes this EVOO also the best-seller in the other Ourogal's export markets. It is followed by the Mediterraneum and by the Authentic, in this order.

**Table 9. EVOO Quantities and Sales in the UAE from 2020 to 2024**

| | | 2020 | | 2021 | | 2022 | | 2023 | | 2024 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EVOO | L | QUANTITY | SALES | QUANTITY | SALES | QUANTITY | SALES | QUANTITY | SALES | QUANTITY | SALES |
| CENTERNARIUM | 1,5 | 70 | 2.509,83 € | 92 | 3.288,22 € | 159 | 5.632,79 € | 273 | 9.671,61 € | 470 | 16.628,01 € |
| AUTHENTIC | 0,5 | 700 | 8.064,68 € | 921 | 10.478,29 € | 1586 | 17.743,64 € | 2731 | 30.265,78 € | 4703 | 51.837,59 € |
| ORGANIC | 0,5 | 400 | 4.216,12 € | 526 | 5.471,65 € | 906 | 9.250,65 € | 1560 | 15.764,42 € | 2687 | 26.985,94 € |
| EQUILIBRIUM | 0,5 | 3500 | 28.923,22 € | 4603 | 37.397,13 € | 7928 | 62.894,75 € | 13654 | 106.855,39 € | 23515 | 182.594,44 € |
| MEDITERRANEUM | 5 | 700 | 19.282,81 € | 921 | 25.233,16 € | 1586 | 43.154,69 € | 2731 | 74.029,02 € | 4703 | 127.207,83 € |
| **TOTAL** | | **5370** | **62.996,66 €** | **7063** | **81.868,45 €** | **12164** | **138.676,53 €** | **20949** | **236.586,23 €** | **36079** | **405.253,80 €** |
| **GROWTH RATE** | | | | **31,52%** | **77%** | **72,22%** | **59%** | **72,22%** | **59%** | **72,22%** | **58%** |

**Source: The Author, 2019**

## 9.2 Expenses

After determining our sales prospects and estimating our growth in the UAE, now we will analyse which are the expenses we will hold. These consist of the costs that are incurred in the price of the product, the operation costs and the promotion costs.

### 9.2.1 Costs Incurred in Price

The costs that are already incurred in the product's price are the warehousing and distribution costs, as well as the inherent fees and deposits (in this case the service fee and the refundable lease deposit). Also, international freight and insurance costs are regarded in the price (See the reasonings in Annex 4.1 – Costs Incurred in Price – Source: The Author, 2019).

Although in 2019, we will not yet be exporting to the country, we will have expenses related to the beginning of the agreement with Emirates Snack Food LLC, which will ascent to EUR 2.761,34. In 2020, the year we start exporting these costs will decrease to EUR 2.667,79, however they will grow every due to the increasing quantities we will export to the country.

**Table 10. Costs Incurred in Price**

| COSTS INCURRED IN PRICE | | | | | | |
|---|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** |
| Warehousing | - € | 290,14 € | 350,80 € | 533,55 € | 848,30 € | 1.401,01 € |
| Distribution | - € | 645,89 € | 780,92 € | 1.187,76 € | 1.888,43 € | 3.118,84 € |
| International Freight | - € | 192,25 € | 255,69 € | 416,22 € | 736,31 € | 1.278,45 € |
| Service Fee | 1.539,51 € | 1.539,51 € | 1.539,51 € | 1.539,51 € | 1.539,51 € | 1.539,51 € |
| Refundable Lease Deposit | 1.221,83 € | - € | - € | - € | - € | |
| **TOTAL EXPENSES** | 2.761,34 € | 2.667,79 € | 2.926,91 € | 3.677,04 € | 5.012,55 € | 7.337,81 € |

**Source: The Author, 2019**

### 9.2.2 Operation Costs

The Operation Costs consist of the Entry Costs, the Placement Costs, and the Custom Duties.

The Entry Costs are composed of the Company Registration Fee and the Trade License Fee, which are governmental requirements to start the activity in the country. The first fee will only be charged once, while the second is renewable every year, owning a cost for its issue and a smaller cost for its renewal. So, as we can see in the following table, the entry costs in 2019 will be EUR 6.152,69 referent to both fees, and from 2020 on, the EUR 741,81 concerns only the renewal of the Trade License Fee (SREE Business Consultants, 2019).

**Table 11. Entry Costs**

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Company Registration Fee | 2.443,66 € | - € | - € | - € | - € | - € |
| Trade License Fee | 3.709,03 € | 741,81 € | 741,81 € | 741,81 € | 741,81 € | 741,81 € |
| **TOTAL** | **6.152,69 €** | **741,81 €** | **741,81 €** | **741,81 €** | **741,81 €** | **741,81 €** |

**Source: SREE Business Consultants, 2019**

The Placement Costs are determined by the number of Stock Keeping Unit (SKU) a brand sells in each retailer. Since we could not find the placement costs per SKU for each of these retailers, we have assumed the placement cost is the same (EUR 7.712,30) for every retailer (Gulf News, 2018). Considering that we will only sell 3 SKUs per retailer, the yearly cost per retailer will be EUR 23.137,17. This cost is solely charged once. However, the number of retailers will differ (2 retailers in 2020 and 1 in the following three years), which results in the cost reduction over time: EUR 46.274,34 in 2020, EUR 23.137,17 from 2021 to 2023, and no costs in 2024.

**Table 12. Placement Costs**

| RETAILER | Nº of SKUs | PRODUCTS' RANGE | COST OF PLACEMENT PER SKU | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|
| Ripe Organic Farm Shop | 3 | P | 7.712,39 € | - € | - € | 23.137,17 € | - € | - € |
| Organic Food and Café | 3 | P | 7.712,39 € | 23.137,17 € | - € | - € | - € | - € |
| Milk and Honey | 3 | G+P | 7.712,39 € | - € | 23.137,17 € | - € | - € | - € |
| Jones the Grocer | 3 | G+P | 7.712,39 € | 23.137,17 € | - € | - € | - € | - € |
| Wheatfields Gourmet Grocer and Café | 3 | G+P | 7.712,39 € | - € | - € | - € | 23.137,17 € | - € |
| TOTAL | | | | 46.274,34 € | 23.137,17 € | 23.137,17 € | 23.137,17 € | - € |

P – Premium; G - Gourmet

**Source: Gulf News, 2018**

The expenses with Custom Duties were not added to the product's price because its cost is 5% of all the shipments' value, and it could only be calculated after the sales projections. After being done the estimations, we determine that in 2020, Ourogal's expenses regarding Custom Duties will be EUR 1.852,84 and this expense will increase to EUR 11.919,23 by 2024.

**Table 13. Custom Duties**

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Custom Duties | 1.852,84 € | 2.407,90 € | 4.078,72 € | 6.958,42 € | 11.919,23 € |

**Source: The Author, 2019**

### 9.2.3 Promotion Costs

Ourogal's promotion activities will only start in 2020, the year that the company will spend more financial resources (EUR 31.768,20) due to the need to create brand awareness. The participation in the SIAL Middle East fair will account for an expense of EUR 5.819,1 in 2020 and 2021, which cost is referent to 10 square meters of a stand, plus an exhibitor fee (SIALME, 2019). Since there is no available information about the participation cost in The Specialty Food Fair, we assumed the same expense as the SIAL Middle East. Regarding the Partnerships with Chef José Avillez, and since he not only is a well-known Portuguese Chef, but also Ourogal's face in the UAE, our budget per promotional activity will be EUR 1000, which means the Chef will participate in 15 activities in 2020, 10 in 2021 and 5 from 2022 on.

The Gift Boxes offer will only occur once in 2020 and will consist of 6 gift boxes with two bottles of Ourogal's EVOO, which will have a total cost of EUR 130, considering the value of the EVOOs and the gift boxes (Garcia de Pou, 2019). Concerning the Colloquium on OO health benefits, an event that will also happen once, will have a EUR 1000 budget, of which EUR 600 are destined to pay for the speakers. The remaining EUR 400 are meant to pay for the event communication and the logistics expenses. Regarding, the sponsorship of the Emirates Academy of Hospitality Management expenses were assumed to be EUR 2000 each year because there was no available data related to sponsorship packages in the academy's website. We came up with this budget because it can cover a yearly supply of OO for the school, as well as any other monetary compensation if needed. This reasoning is also valid for the International Center for Culinary Arts sponsorship. Lastly, the remaining three activities (the Live Cooking Classes with Avillez, the Exclusive Dinner with world-renowned Chefs and the 3 OO tasting courses) have no associated expense because whether they are included in other activity, which is the case of the Live Cooking Classes that are contemplated in the Chef Avillez's budget, or the events pays for themselves, which is the case of the Exclusive Dinner and the three OO tasting courses.

**Table 14. Promotion Expenses**

| PROMOTION ACTIVITIES | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| SIAL Middle East participation | 5.819,10 € | 5.819,10 € | - € | - € | - € |
| The Specialty Food Fair participation | 5.819,10 € | 5.819,10 € | - € | - € | - € |
| Partnership with José Avillez | 15.000,00 € | 10.000,00 € | 5.000,00 € | 5.000,00 € | 5.000,00 € |
| Exclusive Gift Boxes with Centenarium and Authentic | 130,00 € | - € | - € | - € | - € |
| Colloquium on OO health benefits with doctors and investigators | 1.000,00 € | - € | - € | - € | - € |
| Live Cooking Classes with Avillez | - € | - € | - € | - € | - € |
| Sponsor Emirates Academy of Hospitality Management | 2.000,00 € | 2.000,00 € | 2.000,00 € | 2.000,00 € | 2.000,00 € |
| Sponsor International Center for Culinary Arts | 2.000,00 € | 2.000,00 € | 2.000,00 € | 2.000,00 € | 2.000,00 € |
| Exclusive Dinner with world-renowned Chefs | - € | - € | - € | - € | - € |
| 3 olive oil tasting courses per year | - € | - € | - € | - € | - € |
| **TOTAL EXPENSES** | **31.768,20 €** | **25.638,20 €** | **9.000,00 €** | **9.000,00 €** | **9.000,00 €** |

**Source: The Author, 2019**

### 9.3 Income Statement

After disclosing the reasoning behind the sales projections and all the expenses Ourogal will have to sustain, we can have a closer look at this project's Income Statement.

As we can see in the following table, in the first two years of operations in the UAE, Ourogal's net income will be negative, not being subject to any income taxation, which in Portugal is 21% (Deloitte, 2019). However, from 2021 onwards the revenues grow more than the expenses, leading positive net incomes every year, and consequently being subject to taxation.

The first two years of activity result in an aggregated loss of EUR 23.793,22. In 2021, Ourogal will be able to register positive results for the first time (EUR 23.655,26), yet not enough to reach the breakeven point, which will be reached in the following year. The growing net results of 2022 (EUR 80.357,88) will allow Ourogal to exhibit profits for the first time, as the accumulated net income will be EUR 80.219,92. From 2022 onwards, the net income after taxes will grow every year, and by the end of 2024, Ourogal will be gaining EUR 303.038,28, which also results in an aggregated profit of EUR 538.689,78 over 5 years of activity, showing the financial viability of this project.

**Table 15. Income Statement**

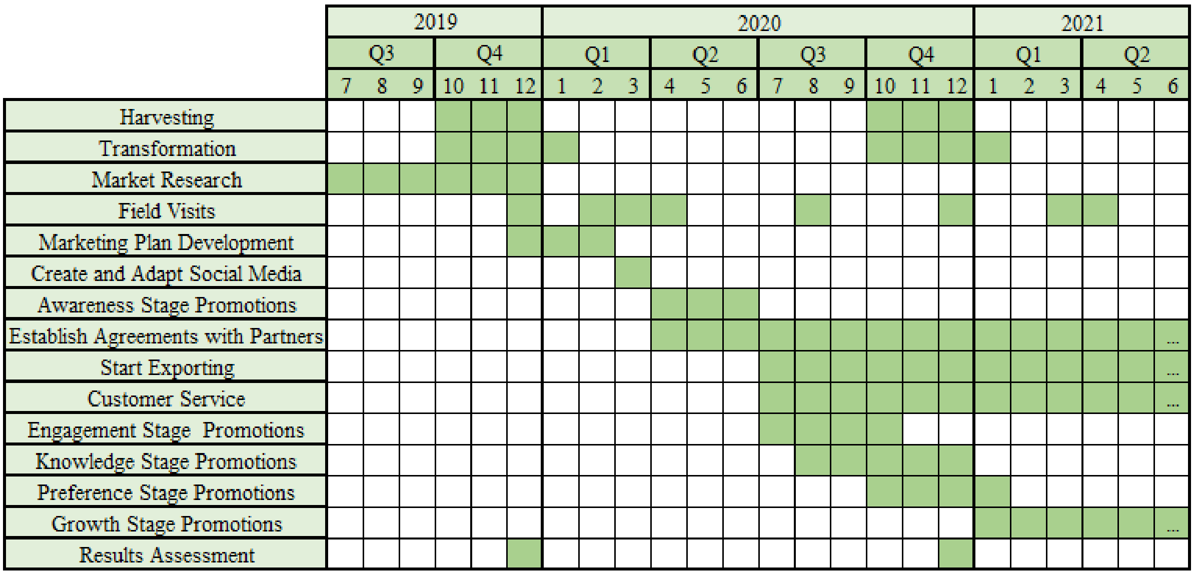
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Retailers Revenues | - € | 62.996,66 € | 81.868,45 € | 138.676,53 € | 236.586,23 € | 405.253,80 € |
| **TOTAL REVENUES** | **- €** | **62.996,66 €** | **81.868,45 €** | **138.676,53 €** | **236.586,23 €** | **405.253,80 €** |
| Company Registration Fee | - 2.443,66 € | - € | - € | - € | - € | - € |
| Trade License Fee | - 3.709,03 € | - 741,81 € | - 741,81 € | - 741,81 € | - 741,81 € | - 741,81 € |
| Custom Duties | - € | - 1.852,84 € | - 2.407,90 € | - 4.078,72 € | - 6.958,42 € | - 11.919,23 € |
| Placement Costs | - € | - 46.274,34 € | - 23.137,17 € | - 23.137,17 € | - 23.137,17 € | - € |
| Operations Expenses | - 6.152,69 € | - 48.868,99 € | - 26.286,88 € | - 27.957,70 € | - 30.837,40 € | - 12.661,04 € |
| Promotion Expenses | - € | - 31.768,20 € | - 25.638,20 € | - 9.000,00 € | - 9.000,00 € | - 9.000,00 € |
| **TOTAL EXPENSES** | **- 6.152,69 €** | **- 80.637,19 €** | **- 51.925,08 €** | **- 36.957,70 €** | **- 39.837,40 €** | **- 21.661,04 €** |
| **OPERATING INCOME** | **- 6.152,69 €** | **- 17.640,53 €** | **29.943,37 €** | **101.718,83 €** | **196.748,83 €** | **383.592,77 €** |
| Interest Expenses | - € | - € | - € | - € | - € | - € |
| **NET INCOME** | **- 6.152,69 €** | **- 17.640,53 €** | **29.943,37 €** | **101.718,83 €** | **196.748,83 €** | **383.592,77 €** |
| Tax (21%) | - € | - € | - 6.288,11 € | - 21.360,95 € | - 41.317,25 € | - 80.554,48 € |
| **NET INCOME AFTER TAXES** | **- 6.152,69 €** | **- 17.640,53 €** | **23.655,26 €** | **80.357,88 €** | **155.431,58 €** | **303.038,28 €** |
| **ACCUMULLATED NET INCOME** | **- 6.152,69 €** | **- 23.793,22 €** | **- 137,96 €** | **80.219,92 €** | **235.651,50 €** | **538.689,78 €** |

**Source: The Author, 2019**

# 10. IMPLEMENTATION FORMS

Every strategic plan has to be implemented at any moment. Therefore we built a chronogram to help us execute the strategy throughout the time. The beginning of this international expansion began with the creation of this plan, which is part of the market research. Although it may seem too soon, we only plan on start exporting on the third quarter of the forthcoming year, in July of 2020. Thus, the first two years will be crucial to guarantee the success of this enterprise in the UAE, so Ourogal will have to follow several steps in order to achieve that objective.

**Table 16. Implementation Timeline**




**Source: The Author, 2019**

In the later months of every year occurs the olive harvesting. At the same time, begins the olive transformation, which extends to the first month of the next year, into olive oil. These are the key processes that enables us to sell and export the products to the UAE, in this case.

During the market research, which will only finish when Ourogal's representatives visit the SIAL Middle East food fair to understand how to stand out, create and impact in the new market, Ourogal will deepen the Marketing Plan to implement in the UAE. After these stages, and before making the first appearance as a brand in the UAE, they will start the process of social media and labelling creation and adaptation.

In April of 2020, Ourogal will start the Awareness stage of promotions and present itself and its products to the UAE, in The Specialty Food Festival, Middle East's and Africa's largest event for gourmet and fine foods. At this fair, we intend to start building relationship with potential partners and start arranging agreements to sell and promote our products, activity that will last in time.

On the first days of July, Ourogal aims to start the exportation process and sell its first product in the UAE, meaning that stage two of promotion, Engagement, will start. Also, the customer service will start to be available to the new customers. In August, the Knowledge stage of promotion starts, and two months later, the Preference stage sets off. The purpose behind the overlap of stages is to enjoy the novelty status, accelerate the growth and start building loyalty on the new clients. The last of the promotion stages will start in the beginning of 2021 and will last until there is a need to renew the promotion strategy.

Lastly, in the end of every fiscal year, Ourogal will assess the year's results, which will complement the monthly reports done by the Emirati employees, and understand if there is a need for any adjustments.

Although the implementation plan only regards the first three years of activity in the UAE, the continuous processes will continue happening every year. As for the time-restricted activities like the promotional stages, they may be repeated or changed depending on the acceptability and success of them by the market and our Emirati customers.

# 11. PROJECT CONCLUSIONS AND LIMITATIONS

In the beginning of this project, I stated that because Portugal has a small OO market, due to our county's features, and which is controlled by two big players, the SMEs in the industry could fell forced to go abroad to ensure their growth. Regarding this, my objective was to develop my project around Ourogal's reality, which would consist of an expansion plan that could be valuable for company's future growth.

In order to do that, we firstly started to look over the company and its characteristics, and based on that, as well as on Ourogal's preferable criteria, we applied a multiple-criteria decision analysis to decide which market we would base the plan on. In the end, the chosen market was the United Arab Emirates, since it has scored higher that every other market, besides the markets Ourogal already exports.

The next step was to analyse the Emirati country using a PESTEL analysis, as well as examining the UAE's OO market to and performing a competitive analysis. Then, it was created the adequate plan to place Ourogal's products in the country. This direct exportation plan not only concerns the Marketing-Mix dimensions, but also includes the Financial Analysis of the plan, and the Implementation Plan of this project.

In conclusion, this project was able to accomplish the initial objectives, and also to exhibit its viability, since in the third year of exportation Ourogal will be able to register profits and the following year will breakeven its investments in the market. By the fifth year they will have an accumulated net income of EUR 538.689,78.

Studies like this normally come across with several difficulties, some more controllable than others. Mainly, the project limitations are data scarcity and the non-utilization of the most accurate data due to the first difficulty.

Among the project limitations, there was one that covered almost all the project analysis and creation that was data scarcity. This limitation started to be reflected in the Market Selection chapter, as I had to assume certain values for similar countries since I could not find the necessary information. However, the biggest difficulty I came across regarding this issue was in the Strategy for the Emirati Market chapter, because I struggled to access to specific data, mostly concerning operational costs, which have also affected the Financial Analysis chapter.

Moreover, there were more limitations to the project like the Financial Analysis’ benchmark. Ideally, it should have been done using data from companies operating in the UAE. In the absence of such data, I used Ourogal’s data related with other export markets the company is present in, which may not represent the most realistic analysis.

Lastly, the other issue regarding the non-utilization of the most accurate data was the limitation on using Ourogal’s data. All the financial data had to be modified, yet adjusted to the reality, due to confidentiality reasons. From this difficulty results that the presented values are not 100% according to reality.

# 12. REFERENCES

*Anania, G., & D'Andrea P. (2007).* The global market for olive oil: actors, trends, policies, prospects and research needs. ***TRADEAG***.

Athanasopoulou, P., Giovanis, A., & Avlonitis, G. (2015). Marketing strategy decisions for brand extension success. ***Journal of Brand Management.*** 22(6): 487-514.

Beim, G., & Lévesque, M. (2006). Country selection for new business venturing: A multiple criteria decision analysis. ***Long Range Planning***. 39(3): 265-293.

Cicarele, S., Liem, G., Keast, R. (2016). Consumer perception, attitudes, liking and preferences for olive oil in products from olive tree. ***InTech***. Rijeka, Croatia. p.157-171.

Centro 2020. Diagnóstico e plano estratégico de internacionalização para o setor agroalimentar da região centro (2017). Consulted on 27th November 2018

Dibb, S., Simkin, L., Pride, W. M., & Ferrell, O. C. (2005). ***Marketing: Concepts and strategies*** (5th ed.). Abingdon, UK: Houghton Mifflin.

Driscoll, A. & Paliwoda, S. (1997). Dimensionalizing international market entry mode choice. ***Journal of Marketing Management***. 13(1-3), p.57-87.

Eden, L., Dai, L., & Li, D. (2010). International business, international management, and international strategy: what's in a name?. ***International Studies of Management & Organization***. 40(4): 54-68.

European Comission Directorate-General for Agriculture. ***The olive oil sector in the European Union.*** https://ec.europa.eu/agriculture/publi/fact/oliveoil/2003_en.pdf. 2003. Consulted on 8th January 2019.

Ghauri, P. and Cateora, P. (2014). ***International marketing*** (4th ed.). Maidenhead: McGraw-Hill Education.

Hill, C. (2012). ***International business: Competing in the global marketplace*** (9th ed.). Boston: McGraw-Hill/Irwin.

Hlavinka, K. & Gomez, L. (2007). The total package: loyalty marketing in the world of consumer packaged goods (CPG). ***Journal of Consumer Marketing.*** 24(1): 48-56.

**IMF**. 2017. 2017 Article IV consultation - press release staff report and informational annex for the United Arab Emirates. 17(218).

**IMF**. 2019. 2018 Article IV consultation - press release; staff report; and statement by the executive director for the United Arab Emirates. 19(35).

Jiménez-Guerrero, J., Gázquez-Abad, J., Mondéjar-Jiménez, J. & Huertas-García, R. (2012). Consumer preferences for olive-oil Attributes: A review of the empirical literature using a conjoint approach in olive oil - constituents, quality, health properties and bioconversions. ***InTech***. Rijeka, Croatia. p. 233-246.

Johnson, P. (2006). Corporate strategy: Purpose. In Astute Competition. ***Emerald Group Publishing Limited***. p.141-155.

Kotler, P. (2003). ***Marketing Insights from A to Z***. Hoboken, NJ: Wiley.

Kotler, P. & Armstrong, G. (2012). ***Principles of marketing.*** 14th ed. Boston: Pearson Prentice Hall.

Kotler, P., & Keller, K. L. (2011). ***Marketing management***. 14th ed.. Upper Saddle River, N.J: Pearson Prentice Hall.

Lamey, L., Deleersnyder, B., Steenkamp, J., & Dekimpe, M. (2018). New product success in the consumer packaged goods industry: A shopper marketing approach. ***International Journal of Research in Marketing.*** 35(3): 432-452.

Leahy, R. (2011). Relationships in fast moving consumer goods markets: The consumers' perspective. ***European Journal of Marketing***. 45(4): 651-672.

Lerma-García, M., Herrero-Martínez, J., Ramis-Ramos, G., & Simó-Alfonso, E. (2008). Evaluation of the quality of olive oil using fatty acid profiles by direct infusion electrospray ionization mass spectrometry. ***Food chemistry***. 107(3): 1307-1313.

Martín-Peláez, S., Covas, M., Fitó, M., Kušar, A., & Pravst, I. (2013). Health effects of olive oil polyphenols: Recent advances and possibilities for the use of health claims. ***Molecular Nutrition & Food Research.*** 57(5): 760-771.

Miečinskienė, A., Stasytytė, V., & Kazlauskaitė, J. (2013). Reasoning of export market selection. ***Procedia Social Behaviour Sciences***. 110: 1166 – 1175.

Sharma, P., Luk, S., Cardinali, S., & Ogasavara, M. (2018). Challenges and opportunities for marketers in the emerging markets. ***Journal of Business Research***. 86: 210-216.

Sottomayor, M., Monteiro, D. & Teixeira, M. (2010). ***Valuing nested names in the Portuguese oil market: An exploratory study.*** 116th Seminar. Parma, Italy.

Srinivasu, R. (2014). Fast moving consumer goods retail market, growth prospect, market overview and food inflation in Indian market – An overview. ***International Journal of Innovative Research in Science, Engineering and Technology***. 3(1): 8422-8430.

Verbeke, A., & Kano, L. (2016). An internalization theory perspective on the global and regional strategies of multinational enterprises. ***Journal of World Business***. 51(1): 83-92.

Vrontis, D., & Kitchen, P. J. (2005). Entry methods and international marketing decision making: An empirical investigation. ***International Journal of Business Studies.*** 13(1).

Vrontis, D., Thrassou, A., & Lamprianou, I. (2009). International marketing adaptation versus standardisation of multinational companies. ***International Marketing Review***. 26(4): 477 – 500.

Wang, S., Moscatello, B. & Flynn, D. (2013). Consumer attitudes on olive oil. ***UC Davis Olive Center.***

## Websites

Association of Accountants and Financial Professionals in Business. IMA UAE Salary Survey. https://www.imanet.org/career-resources/salary-information?ssopc=1#sthash.z6cRGWy1.dpuf. Consulted on 7th June 2019. 2018. **Association of Accountants and Financial Professionals in Business.**

Aurion Business Consultants. Warehouse in UAE. https://www.aurionuae.com/warehouse-in-uae.html. Consulted on 4th September 2019. 2019. **Aurion Business Consultants.**

Brito, C. Quanto vale a marca Portugal?. https://www.dinheirovivo.pt/opiniao/quanto-vale-a-marca-portugal/. Consulted on 20th October 2018. 2018. **Dinheiro Vivo.**

Deloitte. Portuguese 2019 Fiscal Guide. http://www.deloitte-guiafiscal.com/irc/taxas-do-imposto/. Consulted on 15th September 2019. 2019. **Deloitte.**

Education First. English Proficiency Index. https://www.ef.edu.pt/epi/. Consulted on 13th April 2019. 2018. **Education First.**

Egan, M. After historic 1,000-point plunge, Dow dives 588 at close. https://money.cnn.com/2015/08/24/investing/stocks-markets-selloff-china-crash-dow/index.html. Consulted on 14th August 2019. 2015. **CNN Business.**

Elliot, L. Euro sinks to 12-year low in value against the dollar. https://www.theguardian.com/business/2015/mar/11/euro-12-year-low-gainst-the-dollar. Consulted on 14th August 2019. 2015. **The Guardian.**

Emirates Snack Foods LLC. How We Work. https://www.esf-uae.com/the-difference. Consulted on 17th August 2019. 2019. **Emirates Snack Foods LLC.**

Export.gov. United Arab Emirates – Labeling/Marking Requirements. https://www.export.gov/article?id=United-Arab-Emirates-labeling-marking-requirements. Consulted on 3rd July 2019. **Export.gov.**

Garcia de Pou. Gift boxes Price. https://www.garciadepou.com/pt/reveillon/caixas-garrafas-sortidos.html. Consulted on 28th August 2019. 2019. **Garcia de Pou.**

Global Innovation Index. Global Innovation Index Report. https://www.globalinnovationindex.org/Home. Consulted on 16th April 2019. 2018. **Global Innovation Index.**

Gulf News. UAE consumers buying more organic food survey shows. https://gulfnews.com/uae/health/uae-consumers-buying-more-organic-food-survey-shows-1.2280226. Consulted on 7th July 2019. 2018. **Gulf News.**

Gulf News. Being on UAE's supermarket shelves don't come cheap. https://gulfnews.com/business/retail/being-on-uaes-supermarket-shelves-dont-come-cheap-1.2231312 Consulted on 2nd September 2019. 2018. **Gulf News.**

Herdade do Esporão. https://www.esporao.com/pt-pt/. Consulted on 16th August 2019. 2019. **Herdade do Esporão.**

International Olive Council. World Olive Oil Figures. http://www.internationaloliveoil.org/estaticos/view/131-world-olive-oil-figures. Consulted on 14th April 2019. 2018. **International Olive Council**.

Internet World Stats. Internet Penetration Rate. https://www.internetworldstats.com/middle.htm. Consulted on 14th April 2019. 2019. **Internet World Stats.**

Investopedia. Emerging Market Economy. https://www.investopedia.com/terms/e/emergingmarketeconomy.asp. Consulted on 10th April 2019. 2019. **Investopedia.**

Jones the Grocer. Olive Oil Price. https://www.jonesthegrocer.com/products-c1/oils-vinegars-dressings-c55. Consulted on 17th August 2019. 2019. **Jones the Grocer.**

Keegan, L. Are you spending more than you should on logistics?. https://blog.edesk.com/resources/are-you-spending-more-than-you-should-on-logistics. Consulted on 4th September 2019. 2018. **eDesk.**

Milk and Honey. Olive Oil Price. https://www.milkandhoney.ae/products/vinegar-oils#oils-1. Consulted on 17th August 2019. 2019. **Milk and Honey.**

Movehub. International Shipping Price from Lisbon to Dubai. https://www.movehub.com/pt/international-shipping/uae/dubai-from-lisboa-lisbon/. Consulted on 17th August 2019. 2019. **Movehub.**

OEC. United Arab Emirates: country profile. https://oec.world/en/profile/country/are/#Exports. Consulted on 18th June 2019. 2018. **OEC**

Organic Food and Café. Olive Oil Price. https://organicfoodsandcafe.com/shop/. Consulted on 17th August 2019. 2019. **Organic Food and Café.**

Ourogal. http://www.ourogal.com/. Consulted on 15th February 2019. 2019. **Ourogal**.

Randall, D. & Gaffen, D. What's behind the global stock market sellout? https://www.reuters.com/article/us-usa-markets-idUSKCN0VL0XO. Consulted on 14th August 2019. 2016. **Reuters.**

Ripe Organic Farm Shop. Olive Oil Price. https://ripeme.com/product-category/in-the-pantry/dresses-oils-vinegars-pantry/. Consulted on 17th August 2019. 2019. **Ripe Organic Farm Shop.**

Santander Trade Portal. United Arab Emirates: Economic and Political Outline. https://en.portal.santandertrade.com/analyse-markets/united-arab-emirates/economic-political-outline. Consulted on 10th June 2019. 2018**. Santander Trade Portal.**

Santander Trade Portal. United Arab Emirates: Packaging and Standards. https://en.portal.santandertrade.com/international-shipments/united-arab-emirates/packaging-and-standards. Consulted on 3rd July 2019. 2018. **Santander Trade Portal.**

SIAL Middle East. SIAL Middle East Exhibiting Fees. https://www.sialme.com/exhibit. Consulted on 27th August 2019. 2018. **SIAL Middle East.**

SREE Business Consultants. The UAE's Entry Fees. http://www.sreebusinessconsultants.com/. Consulted on 20th August 2019. 2019. **SREE Business Consultants.**

Statista. Taiwan: Gross domestic product (GDP) in current prices from 1984 to 2024 (in billion U.S. dollars). https://www.statista.com/statistics/727589/gross-domestic-product-gdp-in-taiwan/. Consulted on 14th April 2019. **Statista.**

The Economist Intelligence Unit. Which country is best to do business at?. https://www.iberglobal.com/files/business_climate_eiu.pdf. Consulted on 19th April 2019. 2014. **The Economist Intelligence Unit.**

Tridge. Olive Oil Market in the United Arab Emirates. https://www.tridge.com/intelligences/olive-oil/AE/wiki. Consulted on 25th June 2019. 2016. **Tridge.**

UAE's Government Portal. Culture. https://www.government.ae/en/about-the-uae/culture. Consulted on 1st July 2019. 2019. **UAE's Government.**

UAE's Government Portal. Economy. https://www.government.ae/en/about-the-uae/economy.Consulted on 18th June 2019. 2019. **UAE's Government.**

UAE's Government Portal. Environmental protection. https://www.government.ae/en/information-and-services/environment-and-energy/environmental-protection. Consulted on 3rd July 2019. 2019. **UAE's Government.**

UAE's Government Portal. Fact Sheet. https://www.government.ae/en/about-the-uae/fact-sheet. Consulted on 18th June 2019. 2019. **UAE's Government.**

UAE's Government Portal. History. https://www.government.ae/en/about-the-uae/history. Consulted on 18th June 2019. 2019. **UAE's Government.**

UAE's Government Portal. Science and technology. https://www.government.ae/en/about-the-uae/science-and-technology. Consulted on 3rd July 2019. 2019. **UAE's Government.**

United Nations Population Division. World Population Prospects 2019. https://population.un.org/wpp/Graphs/Probabilistic/784. Consulted on 30th June 2019. 2019. **United Nations.**

Word Bank. Three crucial insights into consumer behaviour in the UAE. https://www.wordbank.com/us/blog/international-marketing/consumer-behaviour-in-uae/. Consulted on 7th July 2019. 2019. **Word Bank.**

World Bank. Ease of doing business. https://data.worldbank.org/indicator/IC.BUS.EASE.XQ?locations=AE. Consulted on 18th April 2019. 2019. **World Bank.**

World Bank. Logistics Performance Index. https://lpi.worldbank.org/international/global/2018. Consulted on 18th April 2019. 2018. **World Bank.**

World Bank. Imports of goods and services (% of GDP). https://data.worldbank.org/indicator/NE.IMP.GNFS.ZS?locations=AE. Consulted on 17th April 2019. 2017. **World Bank.**

World Bank. Inflation, consumer prices (annual %). https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=AE. Consulted on 19th June 2019. 2019. **World Bank.**

World Bank. Unemployment, total (% of total labor force). https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=AE. Consulted on 19th June 2019. 2019. **World Bank.**

World Bank. Tariff rate, applied, simple mean, primary products (%). https://data.worldbank.org/indicator/TM.TAX.TCOM.SM.AR.ZS?locations=AE. Consulted on 18th April 2019. 2016. **World Bank.**

World Economic Forum. The Global Competitiveness Report 2018. http://reports.weforum.org/global-competitiveness-report-2018/. Consulted on 17th April 2019. 2018. **World Economic Forum**

World Economic Outlook. GDP per capita, current prices. https://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD. Consulted on 14th April 2019. 2018. **IMF.**

World Economic Outlook. Real GDP growth. https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD. Consulted on 14th April 2019. 2019. **IMF.**

World Population Review. United Arab Emirates population review. http://worldpopulationreview.com/countries/united-arab-emirates-population/. Consulted on 30th June 2019. 2019. **World Population Review.**

XE. Exchange Rate from AED to EUR. https://www.xe.com/pt/. Consulted on 29th June 2019. 2018. **XE.**

# 13. ANNEXES

## ANNEX 1: OUROGAL

### 1.1. Products

**Millenarium – *A unique privilege of History* – (250ml)** A limited edition EVOO extracted from 1000-year-old olive trees, hand-picked and processed within 4 hours.

**Illustration 3. Millenarium**


**Source: Ourogal's website**

**Delicat – *Perfume for your food* – (100ml)** Early harvested EVOO, possess low acidity and a complex flavour. The ideal finish to every dish.

**Illustration 4. Delicat**


**Source: Ourogal's website**

**Centenarium – *The power of Nature* – (1500ml)** Produced from Ourogal's 400-year-old groves, this exclusive EVOO will carry you to of amazing flavours and aromas transporting the dishes back in history.

**Illustration 5. Centenarium**

**Source: Ourogal's website**

**Authentic – *Inspires your creation* – (500ml)** This superior EVOO is blended to achieve the ideal balance between fruity and spicy. Thus it is perfect to enhance the natural taste of your creations.

**Illustration 6. Authentic**

**Source: Ourogal's website**

**Organic** – ***Be natural*** – **(500ml)** EVOO produced from fully certificated organic olives, maintaining its natural integrity.

**Illustration 7. Organic**


**Source: Ourogal's website**

**Equilibrium** – ***The balance of healthy life*** – **(500ml)** Best EVOO to preserve your healthy lifestyle without compromising your wallet. Best price for quality guaranteed.

**Illustration 8. Equilibrium**


**Source: Ourogal's website**

**Mediterraneum – *Cooking Tradition* – (2000ml)** Cooking VOO dedicated to preserve the tradition and compliment the professional chefs' Mediterranean cuisine.

**Illustration 9. Mediterraneum**


**Source: Ourogal's website**

**Balsamic Vinegar – *Higher Love* – (250ml)** Perfect for salads and fresh fruits, this bittersweet vinegar is slightly acetic and has wooden overtones.

**Cider Vinegar – *Perfect Match* – (250ml)** Aromatic and fruity, this vinegar is ideal for salads, sauces and marinades.

**Red Wine Vinegar – *Rouge Love* – (250ml)** Selected from the finest grapes, this rich, flavourful and colour-vibrant vinegar adds a strong aroma to your salads dressings and marinades.

**Illustration 10. Balsamic, Cider and Red Wine Vinegars**


**Source: Ourogal's website**

## 1.2 Competition

**Olival dos Arrifes Biologic Olive Oil –** This terroir EVOO is part of Esporão's organic production groves. Carefully selected to offer an authentic and genuine olive oil aromas and flavours.

**Illustration 11. Olival dos Arrifes Biologic Olive Oil**


**Source: Herdade do Esporão, 2019**

**Selecção Olive Oil –** Produced from the best fruits, this EVOO is has a mix of fruit in different maturation stages, resulting in an elegant and complex EVOO.

**Illustration 12. Selecção Olive Oil**


**Source: Herdade do Esporão, 2019**

**Galega Olive Oil –** Owning a soft apple aroma, this EVOO is produced exclusively from the most typical olive type in Portugal: Galega.

**Illustration 13. Galega Olive Oil**


**Source: Herdade do Esporão, 2019**

**Cordovil Olive Oil –** Produced exclusively from Moura's most representative olive variety, Cordovil, this EVOO holds a bitter and spicy taste.

**Illustration 14. Cordovil Olive Oil**


**Source: Herdade do Esporão, 2019**

**DOP Norte Alentejano Olive Oil –** Evoking the PDO region of North Alentejo, this velvety EVOO possesses apple, nuts and almond flavours.

**Illustration 15. DOP Norte Alentejano Olive Oil**


**Source: Herdade do Esporão, 2019**

**Extra Virgin Olive Oil –** Balanced EVOO from the aromatic Alentejo's olives.

**Illustration 16. Extra Virgin Olive Oil**


**Source: Herdade do Esporão, 2019**

**Virgin Olive Oil –** Soft and discrete cooking VOO, produced from a blended of various types of Alentejo's olives.

**Illustration 17. Virgin Olive Oil**


**Source: Herdade do Esporão, 2019**

**Wine Vinegar –** Six-month-maturated wine vinegar produced from a selection of red wines.

**Illustration 18. Wine Vinegar**


**Source: Herdade do Esporão, 2019**

# ANNEX 2. ANALYSIS OF THE EMIRATI MARKET

## 2.1 Legal Context

**Table 42. Packaging and Labelling Requirements**

| | |
|---|---|
| **Package** | Easy to read |
| | Difficult to remove or falsify |
| **Label** | Name of the product, brand, packer and distributor or importer |
| | Address of the manufacturer and packer |
| | Complete list of ingredients in order of proportion |
| | Additives used in the production |
| | Specification on the animal origin if the product contains animal fat or gelatine |
| | Water content |
| | Manufacturing and expiry dates |
| | Transport and storage conditions |
| | Lot identification and number |
| | Instruction for storage, use and consumption |
| | Net content weight |
| | Product Barcode |
| **Special Requirements** | "Made In" origin marking |
| | Specification on "Halal" ritual |
| | Labels in Arabic |
| | Metric system as unit of measurement |
| | Dates presented in the original manufacturing date |

**Source: Santander Trade Portal, 2019; Export.gov, 2019**

# ANNEX 3. STRATEGY FOR THE EMIRATI MARKET

## 3.1 Product

### 3.1.1 Range

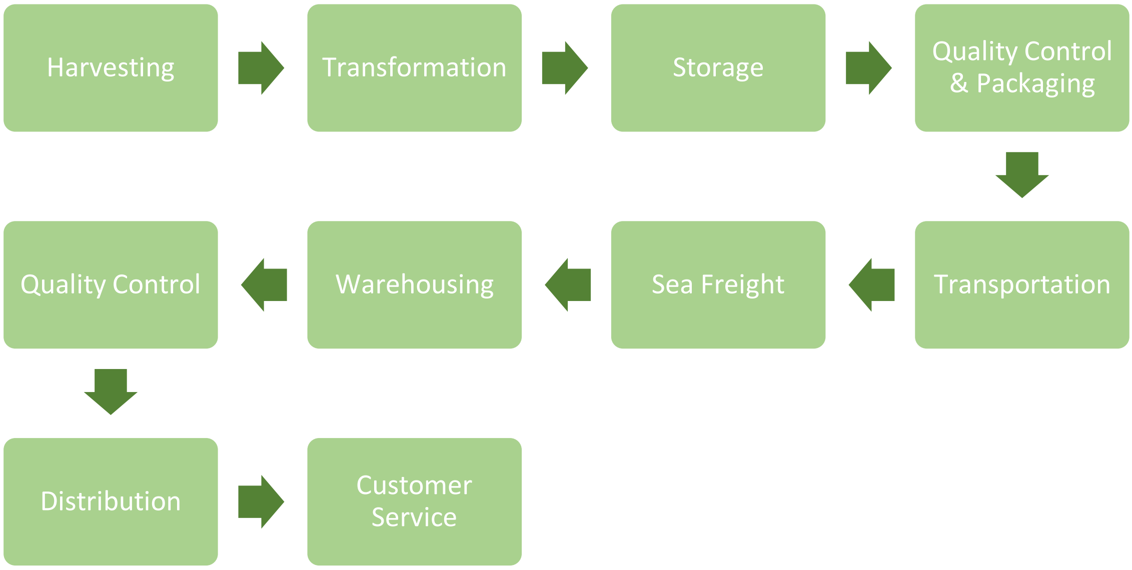
**Table 43. Ourogal's range production**

| EVOO and VOO | PRODUCING |
|---|---|
| Millenarium (250ml) | NO |
| Delicat (100ml) | NO |
| Centenarium (1500ml) | YES |
| Authentic (250ml) | YES |
| Authentic (500ml) | YES |
| Organic (250ml) | YES |
| Organic (500ml) | YES |
| Equilibrium (250ml) | YES |
| Equilibrium (500ml) | YES |
| Equilibrium (2000ml) | YES |
| Equilibrium (3000ml) | YES |
| Equilibrium (5000ml) | YES |
| Mediterraneum (2000ml) | YES |
| Mediterraneum (5000ml) | YES |

**Source: Ourogal, 2019**

### 3.1.2 Product Process

**Illustration 19. Process**




**Source: The Author, 2019**

### 3.2 Price

### 3.2.1 Prices in Emirati Retailers

**Table 44. Prices in Emirati Retailers**

| RIPE ORGANIC FARM SHOP | | | AVERAGE | | | | |
|---|---|---|---|---|---|---|---|
| EVOO | AED | EUR | 250 ml | 500 ml | 750ml | 1l | 3l |
| Esti EVOO (500ml) | 52,50 AED | 12,87 € | 21,37 € | 12,69 € | NO | | |
| El Lagar del Soto (500ml) | 51,00 AED | 12,51 € | | | | | |
| Oro del Desierto (250ml) | 87,15 AED | 21,37 € | | | | | |
| ORGANIC FOODS AND CAFÉ | | | | | | | |
| Organic Larder Greece (750ml) | 43,00 AED | 10,54 € | 5,09 € | 11,13 € | 10,84 € | NO | 40,52 € |
| Organic Larder Spain (750ml) | 31,50 AED | 7,72 € | | | | | |
| Organic Larder Tunisian (750ml) | 27,75 AED | 6,80 € | | | | | |
| Organic Larder Tunisian Anfora (500ml) | 36,25 AED | 8,89 € | | | | | |
| AgroVim EVOO (3l) | 165,25 AED | 40,52 € | | | | | |
| AgroVim EVOO (750ml) | 48,25 AED | 11,83 € | | | | | |
| AgroVim Greek EVOO (500ml) | 36,00 AED | 8,83 € | | | | | |
| Al Ard EVOO (250ml) | 22,75 AED | 5,58 € | | | | | |
| Al Ard EVOO (500ml) | 40,50 AED | 9,93 € | | | | | |
| Crudigno Oils EVOO (250ml) | 18,75 AED | 4,60 € | | | | | |
| Ecolomar EVOO (750ml) | 70,50 AED | 17,29 € | | | | | |
| Epikouros EVOO Demeter (500ml) | 54,75 AED | 13,43 € | | | | | |
| MILK AND HONEY | | | | | | | |
| Oro del Desierto EVOO (500ml) | 105,00 AED | 25,74 € | NO | 25,74 € | NO | | |
| Barral EVOO | ? | ? | | | | | |
| Materia Prima EVOO | ? | ? | | | | | |
| Venta del Baron EVOO | ? | ? | | | | | |
| JONES THE GROCER | | | | | | | |
| Seggiano EVOO (500ml) | 93,00 AED | 22,80 € | NO | 28,20 € | NO | 37,26 € | NO |
| Seggiano EVOO (1L) | 152,00 AED | 37,26 € | | | | | |
| Lorenzo #1 EVOO (500ml) | 137,00 AED | 33,59 € | | | | | |

**Source: Ripe Organic Farm Shop; Organic Foods and Café; Milk and Honey; Jones the Grocer, 2019**

### 3.2.2 Ourogal Prices in the UAE

**Table 45. Ourogal Prices in Current Export Markets**

| | | PORTUGAL | | | BRAZIL | | | EUROPE | | | USA | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EVOO and VOO | TOTAL COSTS | SPI | MARGIN | SP GRMT | SPI | MARGIN | SP GRMT | SPI | MARGIN | SP GRMT | SPI | MARGIN | SP GRMT |
| Centenarium (1500ml) | 11,27 € | 23,01 € | 11,50 € | 39,12 € | 17,33 € | 6,06 € | 29,45 € | 18,90 € | 7,72 € | 32,13 € | 20,45 € | 9,32 € | 34,76 € |
| Authentic (500ml) | 1,64 € | 4,50 € | 1,67 € | 7,65 € | 4,10 € | 1,30 € | 6,98 € | 4,50 € | 3,70 € | 7,65 € | 4,75 € | 4,64 € | 8,08 € |
| Oganic (500ml) | 0,52 € | 4,95 € | 2,47 € | 8,42 € | - € | - € | - € | 4,95 € | 4,93 € | 8,42 € | 4,75 € | 5,19 € | 8,08 € |
| Equilibrium (500ml) | 1,12 € | 4,25 € | 1,97 € | 7,22 € | 2,64 € | 0,50 € | 4,48 € | 2,88 € | 2,37 € | 4,90 € | 2,81 € | 3,24 € | 4,77 € |
| Mediterraneum (5000ml) | 10,03 € | 18,73 € | 4,11 € | 31,84 € | 16,74 € | 2,33 € | 28,46 € | - € | - € | - € | 16,78 € | 5,68 € | 28,52 € |

SPI – Selling Price to Intermediary; SP GRMT – Selling Price Gourmet

**Source: The Author, 2019**

**Table 46. Ourogal Prices in the UAE in 2020**

| 2020 | | | | | | |
|---|---|---|---|---|---|---|
| EVOO and VOO | FIXED AND VAR. COSTS | COSTS UAE | TOTAL COSTS | MARGIN | SP | SP GRMT |
| Centenarium (1500ml) | 11,27 € | 0,50 € | 11,77 € | 9,32 € | 21,09 € | 35,85 € |
| Authentic (500ml) | 1,64 € | 0,50 € | 2,14 € | 4,64 € | 6,78 € | 11,52 € |
| Oganic (500ml) | 0,52 € | 0,50 € | 1,01 € | 5,19 € | 6,20 € | 10,54 € |
| Equilibrium (500ml) | 1,12 € | 0,50 € | 1,62 € | 3,24 € | 4,86 € | 8,26 € |
| Mediterraneum (5000ml) | 10,03 € | 0,50 € | 10,53 € | 5,68 € | 16,20 € | 27,55 € |

SP – Selling Price; SP GRMT – Selling Price Gourmet

**Source: The Author, 2019**

**Table 47. Ourogal Prices in the UAE in 2021**

| 2021 | | | | | | |
|---|---|---|---|---|---|---|
| EVOO and VOO | FIXED AND VAR. COSTS | COSTS UAE | TOTAL COSTS | MARGIN | SP | SP GRMT |
| Centenarium (1500ml) | 11,27 € | 0,41 € | 11,68 € | 9,32 € | 21,01 € | 35,71 € |
| Authentic (500ml) | 1,64 € | 0,41 € | 2,05 € | 4,64 € | 6,69 € | 11,38 € |
| Oganic (500ml) | 0,52 € | 0,41 € | 0,93 € | 5,19 € | 6,12 € | 10,40 € |
| Equilibrium (500ml) | 1,12 € | 0,41 € | 1,54 € | 3,24 € | 4,78 € | 8,12 € |
| Mediterraneum (5000ml) | 10,03 € | 0,41 € | 10,45 € | 5,68 € | 16,12 € | 27,41 € |

**Source: The Author, 2019**

**Table 48. Ourogal Prices in the UAE in 2022**

| 2022 | | | | | | |
|---|---|---|---|---|---|---|
| EVOO and VOO | FIXED AND VAR. COSTS | COSTS UAE | TOTAL COSTS | MARGIN | SP | SP GRMT |
| Centenarium (1500ml) | 11,27 € | 0,30 € | 11,57 € | 9,32 € | 20,90 € | 35,52 € |
| Authentic (500ml) | 1,64 € | 0,30 € | 1,94 € | 4,64 € | 6,58 € | 11,19 € |
| Oganic (500ml) | 0,52 € | 0,30 € | 0,82 € | 5,19 € | 6,01 € | 10,21 € |
| Equilibrium (500ml) | 1,12 € | 0,30 € | 1,43 € | 3,24 € | 4,67 € | 7,93 € |
| Mediterraneum (5000ml) | 10,03 € | 0,30 € | 10,33 € | 5,68 € | 16,01 € | 27,22 € |

**Source: The Author, 2019**

**Table 49. Ourogal Prices in the UAE in 2023**

| 2023 | | | | | | |
|---|---|---|---|---|---|---|
| EVOO and VOO | FIXED AND VAR. COSTS | COSTS UAE | TOTAL COSTS | MARGIN | SP | SP GRMT |
| Centenarium (1500ml) | 11,27 € | 0,24 € | 11,51 € | 9,32 € | 20,83 € | 35,42 € |
| Authentic (500ml) | 1,64 € | 0,24 € | 1,88 € | 4,64 € | 6,52 € | 11,08 € |
| Oganic (500ml) | 0,52 € | 0,24 € | 0,76 € | 5,19 € | 5,94 € | 10,10 € |
| Equilibrium (500ml) | 1,12 € | 0,24 € | 1,36 € | 3,24 € | 4,60 € | 7,83 € |
| Mediterraneum (5000ml) | 10,03 € | 0,24 € | 10,27 € | 5,68 € | 15,95 € | 27,11 € |

**Source: The Author, 2019**

**Table 50. Ourogal Prices in the UAE in 2024**

| 2024 | | | | | | |
|---|---|---|---|---|---|---|
| EVOO and VOO | FIXED AND VAR. COSTS | COSTS UAE | TOTAL COSTS | MARGIN | SP | SP GRMT |
| Centenarium (1500ml) | 11,27 € | 0,20 € | 11,47 € | 9,32 € | 20,80 € | 35,36 € |
| Authentic (500ml) | 1,64 € | 0,20 € | 1,84 € | 4,64 € | 6,48 € | 11,02 € |
| Oganic (500ml) | 0,52 € | 0,20 € | 0,72 € | 5,19 € | 5,91 € | 10,04 € |
| Equilibrium (500ml) | 1,12 € | 0,20 € | 1,33 € | 3,24 € | 4,57 € | 7,76 € |
| Mediterraneum (5000ml) | 10,03 € | 0,20 € | 10,23 € | 5,68 € | 15,91 € | 27,05 € |

**Source: The Author, 2019**

# ANNEX 4. FINANCIAL ANALYSIS

## 4.1 Costs Incurred in Price

Since we have no information regarding the costs Emirates Snack Food LLC would charge us, we have calculated the warehousing expenses considering that 1 $m^2$ near the region Emirates Snack Food LLC is placed costs EUR 195,49 (Aurion, 2019). Knowing the quantities we project to sell, and the volumes of Ourogal's products, we could calculate the liters sold every year. Regarding that 1000 liters are the equivalent to 1 $m^2$ we could easily know the maximum space needed each year. However, we could not estimate the demand and the warehousing space needed throughout time, so we decided to assume the average cost between the maximum and minimum space needed each year. Thus, we will spend EUR 290,14 in warehousing costs in 2019, which will increase every year, and in 2024 Ourogal's expenses will lie at EUR 1401,01.

**Table 51. Warehousing Costs**

| WAREHOUSING COSTS | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Liters Sold | | Max m2 | 2020 | Max m2 | 2021 | Max m2 | 2022 | Max m2 | 2023 | Max m2 | 2024 |
| 2020 | 5905 | 6 | 290,14 € | | | | | | | | |
| 2021 | 7765 | | | 8 | 350,80 € | | | | | | |
| 2022 | 13376 | | | | | 13 | 533,55 € | | | | |
| 2023 | 23036 | | | | | | | 23 | 848,30 € | | |
| 2024 | 39673 | | | | | | | | | 40 | 1.401,01 € |

**Source: The Author, 2019**

Regarding the Transportations Costs, and since there was a shortage of data related to this topic, we assumed that this expense ideally would only account for 4,43% of the total sales (eDesk, 2018), so the costs were calculated accordingly to our yearly sales.

Concerning the International Freight and Insurance expenses, and knowing that not only the shortest shipping container size is 34,96 $m^3$, but it costs EUR 3360,5 (Movehub, 2019). Since we are aware of our selling product quantities' volume, which we divided by 3 as we believe we can pile at least 3 boxes, which will transport our products to the UAE. After defining all the conditions, we could calculate the International Freight and Insurance cost every year, considering we are going to make use of a shared container.

**Table 52. International Freight and Insurance Costs**

| INTERNATIONAL FREIGHT | | |
|---|---|---|
| Size of container - 34,96m3; | | |
| Cost of Container - 3360,5€ | | |
| | m3 | Cost |
| 2020 | 2 | 192,25 € |
| 2021 | 2,66 | 255,69 € |
| 2022 | 4,33 | 416,22 € |
| 2023 | 7,66 | 736,31 € |
| 2024 | 13,3 | 1.278,45 € |

**Source: The Author, 2019**