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FACULTY OF BUSINESS ECONOMICS  
*Master of Management*

## Master's thesis

The key success factors of exporting: The case of Greek Olive Oil and Olive Products

Supervisor :  
Prof. dr. Pieter PAUWELS

Stefanos Fotiadis

*Thesis presented in fulfillment of the requirements for the degree of Master of Management*

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## **Abstract**

**Purpose:** The purpose of this thesis is to examine issues related to the key factors an olive oil company, especially a Greek one, should take into consideration in order to succeed in the field of exports. Towards this purpose, many firms, regardless of their size and the country of origin, are examined, thus, helping the reader to obtain, as much as possible, an objective opinion about the industry. A PESTEL, Porter's five forces analyses are performed and useful outcomes are presented.

**Design/Methodology/Approach:** Since the aim of this thesis is to examine the success of exporting practices of few olive oil companies worldwide, the presentation of 'cases' or 'stories' were preferred as the most appropriate approach to describe a situation better than a single 'case study research' (Eisenhardt, 1989).

**Cases:** The cases show that olive oil companies have many advantages and disadvantages against internal and international rivals. Moreover, and in view of their size, they have many different pros & cons related to their export performance as well as they use some key factors for expanding their activities abroad.

**Conclusion:** In conclusion, remarkable results emerge which help the potential reader to understand the factors that lead an olive oil company to succeed as well as those that assign the Greek olive oil to a superior position. Furthermore, the results of the present thesis support the findings of other studies mentioned in the Literature Review sector and they can definitely be of interest and potential value to everyone participating in the olive oil industry.

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## **1.0 General Introduction**

Olive oil is a product that gains in popularity with consumers worldwide, day by day. There are many benefits for customers who use it, the first of which concerns its cooking properties. Many countries, especially those surrounded by the Mediterranean Sea, use olive oil in their diet, not least because of their long tradition of olive and production of olive oil. At this point, it is worth mentioning that there are many references to olive trees in Ancient Greece. One of the first references dates back to the Minoan civilization (credited as the first European civilization) that arose on the island of Crete, 3,500 years ago, when they called it 'the holy tree'.

In addition, many—culturally diverse—people(s) use it for religious purposes, such as the orthodox Christians in Russia, Serbia, and Greece. For centuries, olive oil has also been used in various products, such as soap and cosmetics, as well as for the preservation of food products, such as vegetables and fish. Moreover, it has been used up to the present day in some countries for massage purposes and by many beauty institutes around the world.

Yet, the most important benefit from the use of olive oil is related to health reasons. During the last decades, many scientific researches concerning olive oil have taken place worldwide, proving its usefulness and the health benefits it can provide us with. As a consequence, many people around the world started consuming olive oil. For example, in India the use of olive oil increased enormously last year, India being number one in the world for heart disease.

Additionally, according to scientific researches, countries where the people consume the substitutes of olive oil have more than 40% chances to suffer from colon cancer. Consequently, the quick spread of the Mediterranean diet as a way of living, increasing the average life expectancy, acted as the best advertisement for the industry.

The aforementioned reasons resulted in rapid demand for olive oil worldwide and at the same time, the need for exporting grew because olive trees cannot be cultivated everywhere. There are some specific reasons for that. The favourable climate should be temperate like the Mediterranean one and the altitude should not exceed 600 metres above sea level.

Therefore, the aim of the thesis is to find the key factors that influence positively the export performance of firms, and the role they play in the olive oil industry. By doing so, anyone who reads this thesis has the chance to see which factors are helpful for the industry and which have to be isolated due to their negative impact.

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Between factors which affect positively, there is a category that makes the difference. In other words, there are some export success factors (ESF) which guide firms to export success. Based on the latter, firms should draw their plans and strategy according to ESF in case they desire to keep active and have a remarkable route in their internationalization. For this reason, all the interested parties of firms, from simple employees to CEO or directors and from firms' owners to their partners abroad, must collaborate in an efficient way in order to cover the ESF which in turn allow them to achieve the optimum result, that is to increase exports, and distinguish them from others not covering the whole ESF. This means that firms which do not integrate the entire or some of the ESF in their activities will face problems or difficulties in expanding abroad such as the fact that they may limit their products in a domestic market, or they will have a small export performance due to their non-compliance with ESF. At some point, they will not accomplish to succeed equally in the field of exports with firms which contain the ESF.

In section 6.0., many firms from different countries disclose the importance of ESF in their export strategy making. For instance, UAWC from Palestine, where they prefer to export in countries which do not have too many demands from the quality of olive oil, unlike in Europe, denoting among others, quality international Oriented Strategy (3<sup>rd</sup> and 4<sup>th</sup> ESF). Thus, it is forced to shift its strategy and looking for other markets to penetrate. Another example is the AgroSevilla case, in Spain, where it uses close knowledge of the external marketplace (1<sup>st</sup> ESF) among others, before deciding to enter in order to see the volume of olive oil consumption there. Therefore, the degree to which firms entail or cover the ESF, defines their strategy: if they have null, low, moderate or high level export performance as well as which movements they will follow in relation with their production, quality, customers, contacts etc.

Moreover, as a principal benchmark of this thesis is the case of Greek olive oil due to the fact that in this land the olive trees have been grown for more than 3,500 years (the oldest harvest and tradition) and its high quality and glamour are renowned all over the world.

The methodology the thesis is based on, is qualitative 'cases' or 'stories'. According to Eisenhardt (1989), 'cases' or 'surface case studies' are based on observations and underline theoretical constructs. Moreover, this approach seems to accurately describe a situation better than a single 'case study research' when the cases are more than four.

At this point, it is worth mentioning that the thesis is based on academic articles associated with whatever relates to the export performance of a firm, such as effectiveness, barriers, motivations, export success factors and articles based on the olive oil industry. The knowledge and

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experience that this thesis provides a researcher with, by using structure and resource as a guideline, is priceless. In addition, other complementary academic articles related to the aim of the thesis are occasionally used for various reasons.

In conclusion, this thesis contributes to the olive oil sector since it is one of the few so far that have provided an insight in the marketing of olive oil and has gathered knowledge regarding the global olive oil market, focusing on the export performance of the firms where limited research has taken place on these issues. In addition, it gives valuable information on how not only a Greek, but generally an olive oil company, regardless of its size, operates and the processes that it follows internationally. The results of the study can be of definite interest and potential value to managers in this sector. Academically, further research based on these findings can add to the present pool of knowledge by further examining the marketing practices employed by other companies in this sector, both in each country and worldwide.

## **2.0. Research Question**

The guiding research question this thesis tries to comprehend and draw useful outcomes from, is the following: Which are the key success factors of exporting, for Greek olive oil and olive products? To answer the question, this thesis examines the international olive oil industry by focusing more on the case of the Greek olive oil industry. This involves the following sub-questions which are going to be answered:

1. What external macro factors affect international business activity and performance in the olive oil industry?
2. What is the nature of the internationalization process of firms in the olive oil industry?
3. What obstacles internal and external to firms are perceived to prevent olive oil firms from expanding their activities abroad?
4. What is the nature of the pan-European olive oil industry? What is the position of the Greek industry in this field?
5. Which key success factors are perceived to boost firms' export performance in the international olive oil industry?
6. How should the Greek olive oil industry change its export strategy and tactics to improve its export performance?

### **3.0 Literature Review**

#### **Overview**

The literature review was the starting point for this study as it is considered the benchmark for what has been already investigated in order to comprehend the overall research question: *The key success factors of exporting: the case of Greek olive oil and olive products*.

The general aim of this chapter is to investigate and present some of the key elements which have a direct impact on firms' export performance and can lead them to success or failure. Therefore, the results that are going to appear at this stage will serve as a fundamental base for better comprehension of the main research question and create underlying steps to reach as close to the outcome of this research as possible.

The key elements that are going to be presented are: Firm export behaviour: the motivations and barriers of export performance and their subcategories as well as the export success factors.

#### **3.1. Firm export behaviour: Motivations and barriers of export performance.**

In the context of our study, the case of exporting firms is of particular interest while it describes elaborately a situation in which exporters have to decide on the level of involvement and follow strategies in regions perceived to be close at the physical or psychological distance which subsequently comprise the first objective of this chapter-firms' export behaviour( section 3.1.1.). The second objective (in sections 3.1.2.-3.1.3.), is to examine the initial motivations which can lead a firm to export to other countries. The third objective, deal with in section 3.1.4., is to account for the export barriers that the firms usually face.

##### **3.1.1. Firms' export behaviour**

The growing internationalization of the world economy increased the concern regarding export performance (Donthu and Kim, 1993). Export performance is very crucial for three major groups: managers, marketing researchers and public policy makers. Managers see exports as a tool to increase business growth, improve financial performance, strengthen competitive edge and ensure company survival in a competitive environment (Kumcu and Hacar, 1995). Marketing researchers

consider exports as a promising area for theory building in international marketing (Zou and Stan, 1998). Public policy makers view exports as a way to improve productivity, accumulate foreign exchange reserves, increase employment levels and enhance state well-being (Kotabe & Czinkota, 1992).

Bradley (1984) claimed that the internationalization process of firms can be described with a three-stage model. In the first stage, firms are called potential exporters. These are firms that have not yet exported any of their goods or services. In the second stage, firms are named passive exporters. These firms have been exporting only on request from abroad without taking initiatives of their own. In the third stage, firms are labelled active exporters. Active exporters try continuously to increase their export activities. Prasad and Naidu (1994) argue that there are two kinds of exporters: sporadic and regular. A sporadic exporter is a firm that exports on an 'on and off' basis. Export sales may be unpredictable and account for a small percentage of a firm's total sales. A regular exporter is a firm that exports on a regular basis. Export sales are less unstable, and account for a significant percentage of a total company sales.

Cavusgil (1984) identified five distinct stages included in export development strategies: domestic marketing, pre-export stage, experimental involvement, active involvement and committed involvement. Exports can result directly or indirectly in a decrease in the unemployment rate and an increase of domestic production and economic growth. The process by which a firm demonstrates exporting behaviour is usually conceived as evolving through various stages.

### **3.1.2. Motivations-Determinants of export performance**

According to Chetty and Hamilton (1993) there have been many studies published in the past years on the motivations of export performance. Some firms are led by an external change agent into exporting (e.g. a foreign customer), some are motivated to start exporting deliberately, while others simply exploit export opportunities that come their way with no evident objective in mind. A major reason for the lack of clear conclusions regarding the determinants of export performance in spite of the large volume of published studies is the lack of synthesis and understanding of the fragmented knowledge. Liargovas and Skandalis (2008) propose four sets of firm-related constructs as having an influence on the export activity of individual firms. Cavusgil (1984) believes that these constructs focus on unique firm advantages, commitment of resources for undertaking export activity, decision-maker characteristics and perceived attractiveness of export marketing. In

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accordance with Cooper and Kleinschmidt (1985), the determinants of export behaviour are categorized into four groups: management expectations and perceptions, market variables, firm demographics, resources and differential advantages of the firm. The external environmental factors, such as the domestic market condition, the industry environment and government policy of promoting export activity of the country's business firms have a deep effect on firms' strategic decision to enter into foreign markets and gain further knowledge toward increasing commitment. Some studies have shown that companies select foreign markets according to their attractiveness and perceived risk (Cavusgil, Zou & Naidu, 1993).

The determinants of export behaviour are usually divided into two major groups, factors external to the firm and factors that are internal (Reid, 1981). One group is composed with firm's characteristics and products. The other group is related to environmental factors like tariffs and quotas, exchange rates, financing possibilities, government assistance and competition domestically and abroad. This is in line with the classification of firms' export motives addressed by Albaum et al. (1994) who make distinctions between motivating factors internal to the firm or incentives originating from the external environment. Katsikeas, Samiee and Theodosiou (2006) believe that in order for exporters to gain export competitive advantage, one should investigate the interplay between external influences (referring to the external environment of the firm) and internal influences (pertaining to firm characteristics and competencies). The external environment refers to environmental hostility, price competition, and heterogeneity whereas the internal influences refer to firm level (firm export competence), product level (product familiarity, product uniqueness, product adaptation), price level (competitive price), and distribution channel level (export channel knowledge, distributor support). Furthermore, the proposed conceptualization places channel relationships as a mediating link, highlighting their central, yet intermediating, role in determining export performance. Cavusgil and Nevin (1981) argue that a company's competitive advantage (for example, competitive advantage in price or quality) might serve as a motive for exporting. This indicates that for Albaum et al. (1994), the internal factors such as a benefit in product or technology are very significant incentives.

### **3.1.3. External environment influences and the role of Channel Relationships**

To be more analytic, a hostile environment creates threats against the operational viability of an exporting firm and consists of factors that the firm cannot control (Zahra, 1993). Price competition influences the product's competitiveness on the export market, the cost of achieving a

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competitive position in the market, and the firm's choice of foreign distributors and customers (Baldauf, Cravens, & Wagner, 2000). Competitive price can be defined as the means by which a firm's offerings are adapted to meet the needs of foreign markets, thus, there is a positive relationship with the export performance (Myers, Cavusgil, & Diamantopoulos, 2002). Nevertheless, a competitive price requires consecutive observation of the export market conditions and competition through an informative and cooperative channel relationship. In this way, the product effectively reciprocates the foreign consumer demands (Shoham, 1999).

In addition, the above external environment factors are directly associated with a) information about foreign markets and b) cooperation between the firm and the foreign distributor. Specifically, Rose & Shoham (2002) mentioned that uncertainty in the firm's external environment increases the need to collect more information about foreign markets, which in turn presumes an established cooperative relationship with the foreign distributor. Information exchange comprises a key constituent of the firm's relationship with foreign distributors, as it augments the firm's credibility and reduces the perceived risk of the distributor in the foreign market (Haa-kansson, 1982). Moreover, information exchange develops inter-organizational contact patterns and role relationships, which in turn promote commitment and cooperation, connecting both parties with the mutual adaptation of processes and procedures (Ambler, Styles, & Wang, 1999). The extent of export channel knowledge may direct a firm to prefer more or less control over its marketing. This kind of knowledge facilitates the firm's access and proper function in foreign markets through the choice of an appropriate distribution channel (Piercy, Katsikeas, & Cravens, 1997).

According to Anderson and Narus (1984), cooperation is regarded as the performance of similar or complementary activities by firms in a business relationship to produce superior mutual outcomes. It is essential because in a simple relationship based on business transactions, elements such as communication, adaptability, and continuity for meeting the requirements of foreign markets do not exist (Kalwani & Narayandas, 1995). To sum up, both elements (i.e., information exchange and cooperation) contribute to the firms' accumulation of the required information on export markets, facilitate product adaptation to the needs and demands of the target market, and ultimately enhance export performance (Julian, 2003). If uncertainty in input-output sectors of the environment can be absorbed by effective cooperation, the channel dyad will move to a "stronger" relationship as the level of dysfunctional conflict decreases (Achrol et al., 1983). The more information exchange and cooperation like with a foreign distributor, the better the firm corresponds to export market needs (Kalafatis, 2000).



### **3.1.4. Export Barriers**

Already more than 30 years ago, Bilkey (1978) mentioned a remarkable number of academic papers focused on perceived barriers to exporting. The most frequent serious obstacles are: insufficient finances, foreign government restrictions, insufficient knowledge about foreign selling opportunities, inadequate product distribution abroad and a lack of foreign market connections. An important barrier is related to the foreign market's cost-based (e.g. different communication and transportation costs), structural (e.g. different distribution system) or consumer-based (e.g. different responses to price and product quality offerings) differences. These differences have been presented in past studies using the concepts of geographic (or physical) and psychic (or psychological) distance (Ghemawat, 2001). In addition, Dow (2000) considered that physical or geographic distance affects the required cost amount to the establishment of an operation in a country.

The development of a clearer image of the barriers' effects to export activity of firms has had a mixed appeal to researchers. Bauerschmidt et al. (1985) presented an industry-specific analysis of obstacles to export in the US paper industry. This study describes exporters that were asked to rank the importance of potential obstacles on a five-point scale ranging from 'not at all important' to 'extremely important'. The initial results indicated medium importance to the risks involved in selling abroad, to high foreign tariffs on imported products and to management emphasis on developing domestic markets. High transportation costs and high value of the US dollar relative to some other foreign currencies were perceived to be very important barriers. Potential barriers such as lack of government assistance, lack of capital for foreign expansion, competition from local and other foreign firms, lack of foreign channels of distribution and language and cultural differences, were all considered to be less important than the first two barriers. Bilkey and Tesar (1977) argue that barriers account for a substantial amount of the variance in the proportion of sales attributed to the foreign operations of experienced exporters.

### **3.1.5. Conclusion**

Liargovas and Skandalis (2008) believe that during the last decades a large number of studies have analysed the export behaviour of firms. Globalization and the generally shared opinion that increased exports benefit society have stimulated research interest in this area. In almost every developing country, government policy makers view exports as a top priority in their national

planning policies. This awareness of the export importance lies also in most highly advanced countries. Many countries try to find ways in order to increase exports. Increased exports may be achieved either by giving motives to exporting firms or by pushing non-exporters to engage in exporting. A major part of the published research is concerned with issues investigating perceived motivations and obstacles to exporting. To conclude, it is believed by Liargovas and Skandalis (2008) that information and experience are needed to stimulate motives and overcome export barriers, while improved export promotion programmes can provide knowledge and resources to firms.

### **3.2. Export Success Factors (ESF)**

For several years great effort has been devoted to the study of which the export success factors of an industry are. Alexopoulos, Coulthard and Terziovski (2004) identify five key export success factors that are going to be addressed hereafter.

#### a) Close knowledge of the external marketplace

Successful firms were identified those which can collect as much information as they can about external market which in turn, are under of firms' interest. In other words, all these firms which conduct good market research, that is, they are in touch with market trends and patterns. They also have the capacity to respond quickly to market interest. This process is achieved by having in place a rapid feedback system enabling the latest and most accurate market information to be collected and analyzed.

#### b) Comprehensive network of contacts

The successful companies have a big variety of national as well as international contacts. These contacts were built up after many years of hard work and insistence. Each company should choose which contact is suitable for giving market information, or successfully launching a new product. By doing so, companies have a competitive advantage over other companies not setting partner arrangements. The advantages of co-operation entail quicker reactions to market changes and a greater capacity to innovate. Therefore, it appears that success requires deploying contacts and promoting long term relationships with them.

c) Exceptional product quality and innovation

What constitutes quality is very general and subjective. Consumers' tastes and preferences differ from each other and often are unexpected. A high quality product is relative to what the company's target group and market perceives as high quality. The successful companies acknowledge what is regarded as a quality product in their target markets and what is up to date. Successful and innovative products can be highly differentiated from the majority, which is, viewed as unique and different in the eyes of the consumer. Small successful firms' labels invest in purely products, which are not necessarily conducive to mass market appeal.

d) Internationally orientated Strategy

Successful companies adopted an international orientation. They must work on the base that their products produced to meet the international demands, not just for domestic consumption. A company's new market entry strategy can be characterized as ready to deal with environmental forces and foreign industry structures. Their strategy concentrates on penetrating specific markets and taking calculated risks, by searching the right market relative to their products.

e) Favorable company image

Building a strong reputation as an innovative, progressive company is considered a critical success factor when entering into foreign markets. Respondents always correspond to a positive image of a firm, which in turn can be inevitably interpreted into more opportunities for business growth. This recognition was gained by working in collaboration with simple employees, experts in design, distributors, publishers, and so on, with the view of long-term trust relationships.

## **4.0. The Olive Oil Market**

### **Overview**

Olive Oil is the product that this thesis is concerned with. In order to obtain as much objective point of view as it can, it is required to examine the olive oil industry. That is, how the olive oil market behaves, who the main players are, which the impacts of olive oil on people are, if it is preferred for consumption or not etc.

For that reason, the principal issues that are going to be presented in this chapter are the following: the benefits, regulations and the reasons for consuming olive oil, key factors in olive oil industry, the European olive oil market, the importance of olive oil in the Mediterranean diet and the relationship with the Greek culture, the Greek production & the problems with not packaged/not standardized olive oil and last but not least, the influence of macro-environment factors on olive oil companies.

### **4.1. The benefits, regulations & the reasons for consuming of olive oil**

As Duff (1998) has pointed out, olive oil is beneficial for health, as it is rich in vitamin E and it does not include preservatives, it is widely used in cooking worldwide. Moreover, he mentioned that the preference for olive oil is due to health reasons: epidemiological studies have shown that the replacement of saturated fats by olive oil results in a lowering of the rate of heart disease. Thus, olive oil represents a food, which simultaneously confirms the cosmopolitan palate of the person who uses it, and to a reduction in the risk of premature death associated with a high consumption of fats and oils.

For example, in Britain, the COMA Report on diet and health recommended that consumption of both saturated and polyunsaturated fats should be reduced and olive oil, with its high monounsaturated content, was increasingly recognized as part of a healthy diet. Thus, the consumption of olive oil in the UK grew rapidly and this was often attributed to healthy eating and avoidance of saturated fats. However, according to Thompson, Haziris & Alekos (1994), this does not seem to be the main determinant of usage. The results of their research showed that the attributes most strongly correlated with the intention to use olive oil were those regarding improvement to the taste of both salads and cooked meals. Health attributes were also found to be an important, but lesser, predictor of usage.

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In Australia, unsaturated oils showed an increase from the early 1970s and butter showed a steady decline from 1960 to 1990. Margarine made from plant rather than animal sources was then promoted; however, legislative change was required to permit its selling because until 1972 the Australian butter industry was protected by quotas imposed on unsaturated margarines (Lester, 1994). As a result, there was a marked increase in margarine consumption between 1972 and 1980 following the legislative changes. The shift from butter to edible oils should not be described simply as rational calculation by individuals of the likelihood of heart disease, but the interaction of industrial strategies, relative costs of butter and margarine, health promotion messages, advertising of margarines based on health claims, multiculturalism etc. (Duff, 1998).

Though, nowadays, the EU regulation has imposed the use of “nutrient profiles”, which are already in use in the USA and Canada and are under development in some European countries. Many critics argue that this would mean that products such as olive oil should not carry health claims. At present, there are no harmonized rules at EU level to ensure the scientific accuracy and appropriateness of such claims. However, regulation is expected to set clear parameters across Europe for health claims and they will be allowed only if they are scientifically substantiated (Tamsin et al., 2005). As Thompson et al. (1994), claim, a major reason for the consumption of olive oil is the improvement of the taste of salads and meals. In addition, cost is a major consideration of the consumption of olive oil because it has a high price and it depends on its origin and its quality (Bourdieu, 1984).

#### **4.1.1. Key factors in olive oil industry**

The market leader for the distribution of olive oil in Europe and Worldwide is Unilever, which launched in France a new, premium quality olive oil ‘Puget’ in what consumers might perceive to be an authentic traditional container. Based on an extensive consumer research study, Puget decided to stress the authenticity and pure nature of Puget Héritage, thus, tapping into current consumers concerns of health and quality of life. Tinplate containers were traditionally the preferred packaging medium for olive oil together with glass bottles, and for this reason a classical steel container was chosen for Puget Héritage. In addition to its authentic appeal, the packaging features a pouring mechanism and screw cap. An additional advantage of the steel container is the fact that the tinfoil can protect the olive oil from light, which is imperative in maintaining the high quality of the product.

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The packaging is also unbreakable and safe for children. Another key factor behind the decision to use steel was shelf impact. Virtually all olive oil in France is packed in glass bottles, and Puget Héritage steel cans therefore clearly differentiate the product from the competition (FOOD, 2004). This is reinforced by the research of Sandalidou and Baourakis (2002) in organic olive oil, which showed that the material, the capacity and the resistance are the main competitive advantages of its packaging

The research of Crescimanno, Di Marco and Guccione (2002), concerning organic olive oil in Sicily, revealed that the marketing campaign consisted of promotion and advertising. Bilingual catalogues of all the producers were issued and promotions in restaurants took place, as well as participation in trade fairs in Italy and abroad and the companies were directed towards specific distribution outlets. The packaging was given special attention so as to create visually a prestigious market image. Labelling, the choice of brand names and the shape of the bottle have all received careful attention.

The EU regulations introduced some beneficial changes concerning the classification of oils and the determination of origin, which can be an important stimulus to improve, innovate, and create new value added and more important relationships with the market (Crescimanno, Di Marco and Guccione, 2002).

## **4.2. The European olive oil market**

The major producer of olive oil in the world is the European Union (EU), and it produces the 80 per cent and consumes the 70 per cent of the total olive oil world production (European Commission, 2007). The European olive oil market has enjoyed a growth rate of above 3 per cent from 1999 to 2004 (FOOD, 2004). The production of olive oil is considered to be an important sector in European and especially in Greek agriculture mainly due to the climatic conditions, which are suitable for this crop. Over 350.000, that is, one-third of the rural population are occupied with olive oil cultivation. Greece is one of the leading olive oil producers in the world ranking third after Spain and Italy. Greek olive production accounts for almost 22 percent of the European and 17 percent of the world production. However, Greece has many competitors concerning olive oil and its agricultural products in general (Sandalidou and Baourakis, 2002). Italy and Spain are the major

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producers and they can influence the prices of olive oil, for example in 2005, dry weather in South Spain resulted in the reduction of production and the consequent increase in price. On the contrary in 2006, there was a lot of rain, production increased and prices declined (Minerva, 2006).

#### **4.2.1. The importance of olive oil in the Mediterranean diet and the relationship with the Greek culture.**

Olive oil is one of the most important products of the Mediterranean diet and a very important element of the Greek civilization and culture. For centuries it is used in various products such as soap and cosmetics (Giakoymakis et al., 1999) and for the storage of food products such as vegetables and fish.

In addition, the Greek Orthodox Church uses olive oil in baptism. In the ancient years it was used in medicine (Papaioannou, 1978) and in the Olympic Games, they placed on the heads of the winners leaves of olive tree, because they had a great respect for “Kotinos” (the ancient name of the olive tree).

#### **4.2.2. The Greek production & the problems with not packaged/not standardized olive oil.**

According to IOBE (2006), Greece produces about 300,000-400,000 tons of olive oil annually. In addition, it has the first place in olive oil consumption, since it consumes about 15 k per capita annually (IOBE, 2006). About half of the produced olive oil is exported and about the 75 per cent of it to Italy (Antoniades, 2006). However, not packaged/not standardized olive oil dominates exports (Antoniades, 2006) while about 6 per cent of standardized one is exported (ICAP, 2006).

According to the Greek National Statistical Service, in the period 1990-2003, domestic production held the 65-76 per cent of the home market. However, not packaged/not standardized olive oil has a significant part of the market, which in 2004-2005 arrived at 38 per cent (ICAP, 2006). In the Greek olive oil market there are a lot of small businesses, about 150 (Antoniades, 2006) as well as many peasants, about 450,000 (Antoniades, 2006) producing not packaged/not standardized olive oil. According to the Union of Greek Olive Oil Standardization Industries, 70 per cent of the not packaged/not-standardized olive oil is of low quality and although the EU is trying to

prohibit sales, the percentages still remain high. Since olive oil production exceeds demand, there are very few imports and great amounts are exported. In addition, taking into consideration that the Greek olive oil market is in its mature stage, exporting is the only way for the sector's development (ICAP, 2006).

#### **4.3. The influence of macro-environment factors on olive oil companies.**

At this point, it is worth mentioning the macro-environment factors that affect the olive oil firms and generally the olive oil industry. According to Blery & Sfetsiou (2008) who examined the case of Minerva S.A., a major player in the Greek olive oil market, pointed out three main factors which affect the olive oil companies: political, economic, technological and social. They will be addressed more in depth hereafter.

Political factors refer to the governments or E.U. decisions such as the European Commission's regulation on November 2003, which forbids the distribution of olive oil in packages that exceed 51 without labels in order to be necessary for the firms to put on the packaging the origin of the olive oil, that is, all the information needed to know the producer.

Economic factors such the financial crisis in Greece, caused a big decline in sales of standardized olive oil due to overpricing. On the other hand, this difficult situation operates as tool for the leaders in Greek market like Elais that makes offers to the customer without changing the prices in order to maintain its leading position in their internal market (Blery & Kapsopoulou, 2006).

Technological factors such as the demand of technological progress by changing the technological equipment with a new one if it is needed in order to meet the olive oil's industry demands: high quality olive oil production and control. Moreover, the technological development should appear in many sections of a company like in the offices, its accounting department, customer service, general administration and so on.

Last but not least, according to Blery & Kapsopoulou (2006), it is worth referring the social factors that are concerned with social trends which influence the companies such as the shift to the Mediterranean diet which is preferred especially by most of the Greeks and as the years pass, by many people all over the world.



## **5.0 Research Methodology**

Since the aim of this thesis is to examine the success of exporting practices of few olive oil companies worldwide, ‘cases’ or ‘stories’ were preferred as the most appropriate approach to describe a situation better than a single ‘case study research’ (Eisenhardt, 1989).

“Cases” consist of two groups. The first group is ‘cases of export companies’ which are presented in the first part of the next chapter [in section 6.0. a)] and the export success factors (ESF) that emerge in section 3.2. Additionally, ‘cases’ are supported by the second part of the same chapter [section 6.0. b)] with the title ‘additional expert interviews’ (second group). The aim of this sub-chapter is to endorse ‘cases’ and provide additional information related to export companies, helping to draw better and useful outcomes.

Now as far as the ESF are concerned, the distinction from other factors, like the parameters for a potential success (in section 6.3.), is based on three noteworthy differences:

Firstly, the ESF focus more on product quality, like extra virgin olive oil (EVOO), while parameters describe general dimensions of a product (e.g. EVOO, means of transport and other olive products). Secondly, the ESF do not insist on price, like in section 6.3 where many factors that can determine the product’s price are addressed in the second parameter.

Finally, the parameters (in section 6.3) include knowledge of an external market, internationally orientated strategy and networks of contacts in place dimension looking them as a whole and including them within the place parameter. On the contrary, ESF (in section 3.2) pay bigger attention and examine both dimensions separately highlighting the significance of each as unique ESF. The same state exists with promotion: again, promotion (in section 6.3.) consists of internationally orientated strategy and favourable image, whereas ESF (in section 3.2.), present them one by one.

### **5.1. Sampling Method**

Interviews were conducted via Skype (video calls, simple calls and telephone calls through Skype). The initial aim was six export firms in total from the leading countries of the international olive oil industry: two from Spain, two from Italy and two from Greece. By doing so, the research was more objective because Spain and Italy hold the 1<sup>st</sup> and the 2<sup>nd</sup> position in the international olive oil industry respectively. In addition, the easiest way was to pick up only Greek firms but the

research would be incomplete in total. For that reason, during the period of data collection and before the initial target was fulfilled, many emails to countries outside Europe were sent. Eventually, three firms successfully responded to my emails and were willing to contribute in the completion of this thesis. The new firms which took part in this research are from Palestine, New Zealand and India while others from other parts of the world never replied. Moreover, more attention should be paid to the meaning of participants' experiences (Malhotra and Bricks, 2007).

As it was expected, the interviewees held different duties and positions in the olive oil companies they belonged to. Each participant had different experience and opinion thanks to their different posts in companies. Therefore, the interview outcomes are valuable helping a researcher obtain a much more objective view. Regardless of their post, the connection with the interviewees either happened by chance as they were the only ones who replied on behalf of their companies, or some others corresponded after references. The latter represents the minority, as three out of eleven interviewees agreed to participate after intervention of a third person (Monini in Italy, Nikolaou Family and Agricultural Association in Greece). Concerning these firms, the intervention was a prerequisite, as otherwise there would be no chance for me to get in touch with them. In other words, the third person was someone familiar with both parties and played the role of the guarantor because in some cases firms are not eager to give any kind of information to someone unknown.

### **5.1.1. Data Collection Methods**

Apart from 'expert contacts', secondary data concerning general information about the companies were gathered through press articles, the companies' leaflets and their Web pages. The expert contacts are based on two questionnaires presented in Appendices I & II. As far as Appendix I is concerned, the questions are focused on firms' export performance. Conversely, Appendix II relates to imports as export companies sometimes operate as importers in order to meet the ongoing demands. Thus, many times, questions of both Appendices were used to cover interview gaps associated with the answers.

### **5.2. Tables with Cases**

The two tables below address the content which is going to be analyzed on the next chapters. The first table includes cases that are going to present the respondents and the data collection method used. The second table gives some general descriptive per case to facilitate the reader's understanding of what follows.

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Table 1(General cases' information).

Cases	Respondents	Data Collection Method
<b>AgroSevilla , Spain</b>	Mr. Finbarr Gonzalez O'Sullivan/Marketing Manager	Skype( via camera)
<b>Yo Exportó Aceite, Spain</b>	Mrs. Gloria Esteban de la Rosa, Professor Titular University of Private International Law in Jaen, Andalusia,/member of this team	E-mail(due to many commitments, limited time and inconvenience of time)
<b>Monini , Spoleto, Italy</b>	Mrs. Raffaela Bassito/Marketing Manager	Telephone call (through Skype)
<b>Assitol, Italy</b>	Mr. Claudio Ranzani/Director	E-mail(due to many commitments, limited time and inconvenience of time)
<b>Agricultural Association of Rethymno, Crete, Greece</b>	Mrs. Eleutheria Germanaki/Supervisor of qualitative control of olive oil and quality's systems	Skype (via Camera)
<b>Eleourgiki, Athens, Greece</b>	Mr. Vartholomaios Seiradakis/Deputy General Director	Skype (via Camera)
<b>Nikolaoufamily , Athens, Greece</b>	Mrs. Aggeliki Nikolaou/owner & producer	Telephone call( through Skype)
<b>Sevitel, Greece</b>	Mr. George Oikonomou/ General Director	E-mail(due to many commitments, limited time and inconvenience of time)

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<b>UAWC</b>	Mr. Said Janan/Manager of Mount of Green Olives	E-mail(due to many commitments, limited time and inconvenience of time)
<b>Olives New Zealand</b>	Mrs. Gayle Sheridan/Executive officer	Telephone call (through Skype)
<b>Dalmia Continental, India</b>	Mr. Joshi MK-Sr. Executive Assistant to Mr. VN Dalmia, Chairman of the firm	E-mail(due to many commitments, limited time and inconvenience of time)

Table no 2(Cases' Overview).

Cases	Overview
AgroSevilla	<ul style="list-style-type: none"> <li>✓ Agro Sevilla was set up in 1977 as a collaborative society.</li> <li>✓ It is the biggest olive producer, packer, and exporter in the world, and one of the basic olive oil exporters in Spain.</li> <li>✓ It is currently consisted of 10 cooperative societies and more than 3,500 associated olive-growers Agro Sevilla exports its olives to more than 75 countries worldwide.</li> <li>✓ They rarely import olive oil, exceptionally in years of short crop</li> </ul>
Yo Exportó Aceite	<ul style="list-style-type: none"> <li>✓ Yo Exportó Aceite is a multi-disciplinary and inter-university team researchers which has a remarkable experience in the field of the marketing of olive oil, which has joined hands to carry out this project on exports, especially on line, this product, Spain</li> </ul>
Monini	<ul style="list-style-type: none"> <li>✓ Monini(brand name) olive oil firm was established in 1930</li> <li>✓ The main market of the firm's export activities is Switzerland</li> <li>✓ Import olive oil when it is necessary</li> </ul>

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Assitol	<ul style="list-style-type: none"> <li>✓ Assitol is the National Oil Industry Association in Italy</li> <li>✓ Established in 1972 as a result of a merger of the three Associations existing at that time for the industrial sectors of olive oil and derivatives and nowadays approx. Reach 100 members</li> <li>✓ Represents and safeguards industrial firms</li> <li>✓ Import olive oil when needed.</li> </ul>
Agricultural Association of Rethymno	<ul style="list-style-type: none"> <li>✓ Agricultural Association of Rethymno, was established in 1983, it consists of almost 14,000 partners</li> <li>✓ Exploit its location (tourist area) to promote its product</li> <li>✓ Export to many countries worldwide</li> </ul>
Eleourgiki	<ul style="list-style-type: none"> <li>✓ Eleourgiki is a Central Cooperative Union of olive product producers</li> <li>✓ 70 years activities in the internal Market</li> <li>✓ Almost 35 years' experience in the field of exports.</li> <li>✓ Eleourgiki is one of the best advertisers about the Greek olive oil, abroad.</li> </ul>
Nikolaoufamily	<ul style="list-style-type: none"> <li>✓ A family business. Old documents, that have survived, witness the company to be active in this field since 1833.</li> <li>✓ At the beginning of enterprises' activities, people and intermediaries from abroad approached the firm.</li> <li>✓ The firm is modernized, but also remained stable in tradition and values inherited from their ancestors</li> </ul>
Sevitel	<ul style="list-style-type: none"> <li>✓ Sevitel is the Greek Association of Industries &amp; Processors of Olive Oil</li> <li>✓ Established before 30 years, approx. 55 members, and represents the Greek formulators/packagegers and exporters of olive oil.</li> <li>✓ Its members export in more than 50 countries around the world in total.</li> <li>✓ Its member never import olive oil except for minimal cases of catastrophic periods like 2013/14(the worst of last 80 years due to the unfavourable weather conditions</li> </ul>
UAWC	<ul style="list-style-type: none"> <li>✓ UAWC is the Union of Agricultural Work Committees in Palestine.</li> <li>✓ The Union was founded in 1986 as a non-profit organization by a group of volunteers and agronomists who, in turn, set the priorities of farmers and help the Union in implementing its programs and</li> </ul>

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community activities.

- ✓ The Union's main aim is to support small farmers, both as well as their families, and strengthen farmers' adaptability on their lands in an agricultural and public developmental framework at the public level

Olives New Zealand

- ✓ Olives New Zealand is the National Association for olive oil Industry.
- ✓ Olive trees were brought there by the early European settlers from the 1830's
- ✓ Import olive oil more than its exports due to small size of national production.

Dalmia Continental

- ✓ The flagship company of VN Dalmia
- ✓ The firm's leading brand name is Leonardo Olive Oil(Italy)
- ✓ Dalmia Continental only import olive oil as India is the world no 1 for heart diseases.

## **6.0. Cases**

### **a) Cases of export companies**

#### *Agro Sevilla Group*

Agro Sevilla was set up in 1977 as a collaborative society. It is the biggest olive producer, packer, and exporter in the world, and one of the premier olive oil exporters in Spain.

Agro Sevilla currently consists of 10 cooperative societies and more than 3,500 associated olive-growers, and its production yearly exceeds 65,000 tons of olives. Agro Sevilla exports its olives to more than 75 countries worldwide. They rarely import olive oil, with the exception of years of short crop. They are a coop-owned company and their mission is to market its growers' production.

Agro Sevilla successfully covers all the ESF. Therefore, in order to get into a new market, they follow specific steps. The first step is to conduct a market research by checking the international, to see the olive and olive oil consumption terminals and if the volume of consumption is high. The second step is to have an international orientated strategy. They always look whether the trends go upwards; they know how to see the opportunities and try to adjust their products to meet the current international demands. The firm relies on world statistics which show that the consumption of olive oil has grown a lot during the last 20 years and it will continue to grow. That is a great opportunity for an olive oil export performance. Insisting on the opportunities, it underlines the big chance of the international market for exporting. The third step is to carry out a search for the virgin olive oil and find a partner in order to pick up as many details as they can.

Finally, the company invests in high quality products such as extra virgin olive oil - the best kind of olive oil. By doing so, the company builds a good reputation and gains the trust of consumers who acknowledge it, while every year, consumer awareness of the benefits of olive oil is continuously increasing.

#### *Yo Exportó Aceite*

*Yo Exportó Aceite*, which gives information and resources to export olive oil, is a multi-disciplinary and inter-university team of researchers which has a remarkable experience in the field of marketing of olive oil and has joined hands to carry out this project on exports, especially on line.

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The team is composed of a dozen people, most from the University of Jaén as well as the University of Granada, next to technical staff, media companies and field computers and other partners.

The university team claims that Spanish companies have adopted all the factors of successful exports. To begin with, they mention the importance of research before entering a new market as well as the use of websites and internet as the best basis on which Spanish companies have to increase their internationalization level. Moreover, they mentioned that companies export to different parts of the world, depending on their contacts. Considering the strategy each company should obtain, the team recommends that firms should make direct contact with the clients, such as restaurants or shops, visiting them in their own countries and also giving them the possibility of visiting their company. By doing so, they build a trust relationship with customers.

As far as the export performance of Spanish companies is concerned, the team considers that the European Market is convenient due to the small distances. The European Market is defined with specific rules, thereby, it is easier to make business there, but at the same time, you face the problem of rivals, for instance Morocco that supplies Spain with olive oil when it is necessary. About the competitive advantage of the Spanish companies, the professor believes that this depends on the size each company has and thinks that nowadays the companies that have the most incentives to start exporting are the Small and Medium (SME) ones because they are taking into account the losses that they will have if they don't export.

Finally, the team considers Spanish olive oil as the best because of its oleic acids which give a high quality to olive oil. According to them, the big advantage is that the level of Spanish oleic acids is higher than in other countries, especially in Andalucía.

*Monini*

The Monini (brand name) olive oil firm was established in 1930. As a result of previous experience, a previously established food trading company in Spoleto, Umbria in 1920 convinced Zefferino Monini, who is the settler and owner that the best rewards come from focusing attention exclusively on extra virgin olive oil.



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Nowadays, Monini is a modern olive oil firm with global reputation. In order to increase its exports, the company's strategy focuses on participating in promotional campaigns in foreign markets, through magazines and participation in exhibitions, to inform consumers about the superior quality, the use and benefits of its olive oil. Generally, the firm invests in advertising and tries to exhibit its product to the public.

The main market of the company is Switzerland which is the first market that the firm approached. Monini prefers to sell products there because they are very well organised, it is not too far from Italy and they appreciate the quality of extra virgin olive oil which means that they want a real good product. Therefore, for Monini firm, it is very important to produce it and provide consumers with exclusively good quality products like extra virgin olive oil. From Monini's point of view, all the markets are very interesting as they learn from other countries. They try to promote the quality of extra virgin olive oil, that's why the preferred country is Switzerland, and generally they search for markets or countries which look for quality.

The main stimulus for the company to start exporting was the fact that a) Monini firm has excellent products and b) due to the saturated internal market, there is a willing to search for new markets. Additionally, the company refers to the existence of many Italian communities as a good point to start exporting to, as there is an easier network contact. For that reason, they sell to the USA, to South America and Brazil where many Italian communities exist.

As far as the competitive advantage of the company is concerned, Monini underlines that the firm a) gives consumers quality products, b) produces honestly and c) notices that consumers learn more and more about the quality and look for it. As a result, in combination with the aforementioned, Monini meets 100 per cent customers' demand. The reason is the perfect product-high quality, good price in relation to the product, big range of products, so it is totally sure that consumers can find the product that they like most under Monini's brand. Furthermore, the firm always tries to set a good stable price which attracts its customers every year.

To wrap up, the firm suggests all exporters invest in quality, that is, to have high quality products, bringing more profit to firms.

Assitol, the Italian Olive oil Association, represents and safeguards industrial firms that operate in the sector of fatty substances and derivatives, within the various national, community and international offices. Assitol is part of the industrial representation system on national and international level. Assitol was established in 1972 as a result of a merger of the three Associations existing at that time for the industrial sectors of olive oil, seed oil, margarine and derivatives.

Today, Assitol's members reach approximately 100. The majority of its companies participate in Exhibitions, Anuga and Fancy Food for example, and organize promotional campaigns in order to increase their export activities and obtain as more contacts as they can. In the past, many companies started exporting in countries with many Italian immigrants, but now a typical Italian exporter sells olive oils in 60 to 70 markets in the world and the biggest exporters sell olive oils in 100 to 120 markets. One of the main markets that Italian companies started and continue exporting are the USA, Canada and Central Europe. Moreover, bearing in mind the strategy, a strong incentive for a company to start an export performance is that exporting is necessary to improve the companies' economic balance. Moreover, they claim that probably it is a good idea to start exporting in neighbouring countries but many firms prefer to start with new, less competitive markets, Far East, for example.

One of the main competitive advantage Italian companies have against their rivals, as Assitol underlines, is the fact that their companies are leaders in many markets, so they think they are able to meet customers' demand, creating a strong business relationship. Moreover, they have a big experience in looking for quality products (good olive oil) everywhere in the World, in mixing them to obtain a constant quality of the finished product, and having better commercial experience and many strong Brands.

In conclusion, Assitol is optimistic about the future of the olive oil industry because olive oil consumption has been growing in the last 30 years and it will continue to grow, because more and more people in the world discover its positive aspects: flavour, nutrition and health. The Mediterranean diet is considered a very beneficial one. The experience in Italy, Greece and Spain for example, strongly suggests that the olive oil introduction to these countries would be very positive for people's health, ageing and so on. There are good possibilities for exporting, but in a more difficult environment.

*Agricultural Association of Rethymno*

The Agricultural Association (or A.A.) of Rethymno, established in 1983, consists of almost 14,000 partners and is regarded as one of the best agricultural associations in Crete, and generally speaking in Greece, with many activities due to the fact that Crete has a big tradition in the field of olive oil. Olive trees have existed in Crete for more than 3.500 years since the Minoan where olive trees were called 'the *holy trees*. Thus, Cretan olive oil is ranked as one of the best worldwide.

Nowadays, the Association of Rethymno is a modern one and serves a variety of clients nationally and internationally. The agricultural association, in order to increase their sales and exports, takes part in international diet exhibitions as much as it is feasible. Simultaneously, it exploits its location in a tourist area like Crete, organizing some events in the tourists' accommodations, like hotels, to promote its products. Many people go to these events, have the chance to see, taste and buy its products and many times, they operate as its best advertisement abroad. Finally, the association participates in many blogs and web-sites promoting its products.

Their export target is the approach of customers wherever available. For instance, the association collaborates with Germany, Austria, Cyprus, Switzerland, Russia, China, Saudi Arabia, and the United Arab Emirates. The acquaintance with these countries came through special network contacts: sometimes either from some references from people who came to aforementioned events in Crete or from some Greeks who work in those countries, or through its website. China was the 1<sup>st</sup> country of this approach due to its enormous population and null olive oil production and at the same time this country has fried diet habits, which is an extra incentive for the association to extend its business there.

The association has set an internationally orientated strategy, due to the difficult financial situation that Greece has experienced for the last 6 years, which operated as an incentive and the only way for the A.A. in order to turn its policy abroad and find new customers. At the same time due to the big inflow of products from abroad, the A.A. tries to export products to lessen the big gap between imports and exports. The production process followed by the association reaching the shelves of the outlets abroad, are characterized by its strictness and accuracy. The process safeguards the packaging, placing on the containers and transportation for example.

The thing that gives the association a superior position against rivals is the association's home environment. Their big advantage is that they always invest in quality, which was the

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association's main target: 'our benefit is the same with the producer'. Likewise, due to the fact that consumers search for healthy products around the world more and more, they have seen a noteworthy increase in sales. Furthermore, a noteworthy effort is made to pay big attention to their quality, which is very famous and credible. The association protects and defends its rights and tries to build a good relationship with its clients based on trust, and invests on scientific research.

To conclude, the association gives as an advice to the potential and current exporters to invest in quality and not to see other companies as enemies because none of the companies can benefit from a severe competition. They should also care about their products and look for ways to promote their products as well as they can.

*Eleourgiki*

Eleourgiki is not a simple firm; it is a central cooperative union of olive product producers with more than 70 years of activities in the internal market and approximately 35 years of experience in the field of exports. Thus, Eleourgiki is regarded as one of the top players internally in the olive oil industry and as one of the best advertisers and experts about the Greek olive oil, its reputation and its benefits abroad.

Eleourgiki's efforts are many and vary in proportion with what the market needs are every time. The firm mainly focuses on finding new markets that allow trustworthy exports. At this period, they focus more on Latin America and especially Brazil due to the World Cup which is a great opportunity for the firm to advertise its product. Furthermore, one of its co-operators from Uruguay will help the firm to make this step as a specialist for this market. It is worth saying that during the past, the firm also took part in exhibitions but nowadays due to the crisis the firm limits its participations. Generally, Eleourgiki due to its big variety of contacts prefers to promote its products via the local representatives it has in every country. The main market considered as the base for the company is Japan where it has been exporting for more than 25 years. The first 10 years, the firm's market share in Japan exceeded 90% because they were the first who got in that market but later the rate started to reduce due to new rivals. Today the company's rate is about 65% and they prefer to export there because this market is safe, stable and reliable. At this point, it is needed to refer to the contribution of the commercial consultant of the Greek embassy there who helped to make the first contract with that market.

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As the main thing that motivated the firm to start export activities was the requirement every company has in order to sell the surplus of its production, therefore it starts looking for new ways, methods and markets in order to sell the whole production.

Eleourgiki states that each firm can get in every country one desires, if one takes the right approach steps. That is, to look for what the new market requirements are, to standardise and adjust their product or the design of the bottle according to that market and generally to learn as much as they can before they enter a new market. These are the basic rules. The easiest market to export is the market that addresses a homogenous market because an infrastructure exists, like Germany, the USA, and Australia. Greece's neighbouring countries present some mannerisms and some of them have lower national GDP than Greece, or Greek firms cannot export to some of them, like Italy, because they buy Greek olive oil and resell it under Italian brand name or the opposite.

The firm's main advantage against its rivals is the excellent or high quality of its olive oil. According to the firm, three are the attributes that lead their company to meet the customers' demand as much as possible. The first thing is the excellent quality of the product. The second thing is the almost null problem that the firm has during the packaging of the product and the third thing is the guarantee of the transportation.

In conclusion, the firm gives as advice for all the ones engaged in the olive oil industry to emphasize on their product, to take care of it, to be trustworthy concerning the deadlines and invest in the whole process of production from the initial until the final steps because only in this way firms will have rewards. Finally, Eleourgiki is optimistic about the future because it has an excellent product helping people to improve their lives and to obtain a healthy way of living. Furthermore, the nutrition values that it provides us with, operate as the best advertisement in order for consumers around the world to prefer buying it against its substitutes such as butter. The firm based on scientific research said that countries where people consume the substitutes of olive oil have more than 40% chances of suffering from colon cancer.

*Nikolaou Family*

Nikolaou Family is a family business which has its roots in the century before last. Nowadays, the company is modernized, but also remained stable in tradition and values inherited from their ancestors. The main aim of the firm is to produce extra virgin olive oil in the best and safest way. Moreover, the firm exports handmade olive oil soaps based on a traditional

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recipe where they add some herbs. The firm is supported by many certificates, and in 2012, the extra virgin olive oil *Nikolaou Family* was distinguished between oils from different regions of Greece and was awarded the bronze prize for taste praised as "high intensity fruity".

The firm has a specific strategy in order to increase its exports: it relies on the promotion of the products via internet and websites which *Nikolaou Family* considers as the strongest means for a company to be known. In addition, the family business takes part in international exhibitions when it is needed. The country the enterprise has been exporting to until now is Sweden where the firm has many contacts due to the existence of the Greek community. They choose and like the firm's olive oil because it is Greek and due to its high quality. On the other hand, in Germany where many Greeks live, the company does not send olive oil directly to the Greek communities, but they have a partner who sells the product to everyone regardless of nationality.

The first market that the firm got in was the USA in 2007. The start was created due to the big demand from abroad. At the beginning of the enterprises' activities, people and intermediaries from abroad approached the firm. They came to the olive oil-press and got some samples of the olive oil, they were satisfied and suddenly the firm's export performance started in an unexpected way.

At this point, the firm started noticing that many people over the world like Greek olive oil which is famous abroad due to its quality and they prefer to buy it. The main advantage of the company is that they are a production unit as well. That is, they have their own olive trees to grow and control the production in all steps and that makes them almost independent of suppliers, intermediaries and wholesalers. The firm is only dependent on good production is largely associated with good weather conditions and with what degree their trees will be ready at the collection period. In case of underproduction, they borrow olive oil from other industry players to meet their customers' demands. The criteria to choose from where they get olive oil are if the other company has the same product quality. Moreover, *Nikolaou Family's* product is famous for its high quality. That's why the consumers prefer to buy it. Also this is strengthened by the low acidity - a prerequisite for a high quality olive oil which in turn depends on weather conditions that change year by year. Moreover, their product underlines the diet values that it provides the consumers with.

Finally due to the fact that the olives came immediately to their olive oil-press, they get the olive juice directly. This process gives the firm an excellent product with special flavour and low

acidity. All the aforementioned keep its customers totally satisfied and the company obtains a good reputation.

*Sevitel (Greek Association of Industries & Processors of Olive Oil)*

Sevitel is neither a company nor an agricultural corporation. Sevitel is a non-profit organization, established thirty years ago, which is made up of approximately 55 members and represents the Greek formulators, packagers and exporters of olive oil that consist the main body of the Greek olive oil industry. Sevitel's job is threefold. Firstly, to represent the Greek standardization companies of olive oil as much as it can by supporting their interests and benefits and trying to solve their problems. Secondly, to inform them about whatever is relevant with olive oil in national, communal and international level and finally, the most important of all is the internal and international advertisement and promotion of Greek standardized olive oil. Now, for the last 8 years, Sevitel has shifted its strategy and started to participate in programs associated with the better internal and international advertisement and promotion of Greek standardized olive oil by exploiting complementary subsidized programs of the E.U.

Sevitel pointed out that the main markets for Greek companies are generally the USA, Australia, Canada and Norway. As far as the E.U. is concerned, their efforts focus on England, Germany, Sweden, Bulgaria, Cyprus and Greece. For the better perception, the aforementioned are countries where Sevitel makes campaigns and promotes the Greek olive oil, but Sevitel's members, that is, exporters, companies and agriculture associations, export in more than 50 countries around the world in total.

Now the main principle says that a Greek community helps a company to export there, but the national association believes that if Greek companies focus only on countries where a Greek community appears, they will lose the game because the attributes and habits of the last Greek immigrant generations have changed there. The best is to obtain a national policy in the field of olive oil and to sell it as a national product applying to each country separately, regardless if there are many Greeks or not.

Generally, Sevitel's members due to their up-to-date strategy, they prefer those countries whose citizens are more familiar with olive oil and they know more about its diet values. They also prefer those countries that the International Olive Oil Council (or IOOC), had made advertisements and campaigns in, resulting in increasing the consumption of olive oil, such as North America which

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started to import 20.000 tons twenty years ago and nowadays the number reaches 300.000 tons annually. Another characteristic example is China which gradually increases the consumption of olive oil, or Australia where many Mediterranean nationalities exist and the consumption of olive oil has increased noteworthy affecting even the native citizens positively.

At this point, it is worth mentioning the remarkable change the Scandinavian countries have made during the last years in comprehending the diet values of olive oil against butter. Furthermore, the organization desires to focus and get in developing countries like China, India and Russia where the citizens pay more for olive oil than other oils with low quality like sunflower oil or due to the big awareness of Greek and in general, olive oil.

The organization believes that the competitive advantage of Greek firms in contrast to competitors is the high quality of Greek olive oil generally and especially of extra virgin olive oil, which in turn gives them a good reputation. Greek firms invest in olive oils with the following traits: protected designation of origin and agricultural indication. They also invest in organic olive oils which come from small family firms and olive oil-presses, giving the customers more trust than big companies which sometimes crave for more profit. Moreover, Greece has the sun, the sea, and good Mediterranean climate. The Greek olive oil has some specific traits that make the difference and give it superiority. Its intense fruity, bitter and spicy traits, give the Greek extra virgin olive oil, which is the best category of olive oil, an additional advantage and is preferred and meets the consumer demands, who are well-informed about olive oil and are looking for high quality. The spicier the olive oil is, the better choice of the consumer is. To sum up, all the aforementioned give the Greek olive oil a superior advantage against other countries. Accordingly, the organization marks that when someone gets in touch with potential customers around the world, one should highlight these traits if they desire to have the prospective results.

Conversely, in North Greece where the people are not familiar with extra virgin olive oil, they mix olive oil with seed oil in order to weaken its spicy flavour and make it sweeter. Therefore, the degree the olive oil can meet the customers demand, depends on what extend the consumers are familiar and well-informed about this product. Similarly, the same situation with North Greece applies to America or to Sweden for example, where they are not well-informed about the Greek extra virgin olive oil which sounds aggressive to them, against the Spanish which is regarded as softer in flavour. Nevertheless, the latter doesn't have the same attributes with the former. In that case, to meet the market demand, they try to sell simple olive oils which are more attractive to those consumers.



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In conclusion, the organization underlines that Greek olive oil due to lower production related to Spanish, 300.000 tons, and its better and high or excellent quality in comparison to the rest, applies to smaller target segmentation which is more dandified and precious. Well-informed customers look for high quality. For instance someone can find it in expensive glamorous, gourmet restaurants that are famous for their prestige.

*UAWC (Union of Agricultural Work Committees)*

UAWC was established in 1986 in response to the vulnerable socio-political situation of farmers. The Union was founded as a non-profit organization by a group of volunteers and agronomists. UAWC's main aim is to support small farmers, both as well as their families, and strengthen farmers' adaptability on their lands in an agricultural and public developmental framework at the public level. Additionally, that's why they decided to start their export performance: To assist small Palestinian farmers in exporting their olive oil and not be under the mercy of greedy olive oil merchants that control prices.

One of the main products of the Union is olive oil. The Union strategy is to increase its exports, promote Palestinian olive oil as much as it can, participate in exhibitions as well as use the web to find new customers. The main market to export is, mainly, the Far East and, then, the United States as they do not have too many demands from the quality of olive oil, unlike in Europe. It is also worth mentioning that the first country the Union exported was Switzerland as they had a contract with one organization there, which was interested in buying their olive oil. Similarly, the Union believes that exporting is the same for every country regardless of the physic distance. The basic thing for every firm, Union or agricultural association is to make a market research, that is, to be aware of the import regulation the Union exports to, in order to reduce the risk factor.

The UAWC considers that its competitive advantage against its rivals is that it knows which the needs of each customer are. Another positive point is that the Union never mixed low quality olive oil with high quality oil. For that reason, customers know the quality of their oil and are satisfied that they are not cheated. The Union tries to provide them with the quality they are looking for accordingly. Therefore, dependent on country to country, the customers' needs differ but overall Union covers more than 80% of their desire.

For the end, the Union as an advice to the new exporters says to them to be very careful, always study the olive oil industry and look for alternative markets.

Olives New Zealand was set up to create the environment for the New Zealand Olive industry to produce premium quality Extra Virgin Olive Oil and olive products, and to market them successfully nationally and internationally.

Olive trees were brought to New Zealand by the early European settlers from the 1830's but the rapid growth came 1 and 1/2 century later. A good indication of the growth of olive trees the last 25 years in New Zealand is the fact that the grand total of trees planted per year from 1991 – 2014 was almost 320.000 trees.

Nowadays, Olives New Zealand has approximately 200 members which vary from each other: olive growers, processors, suppliers and others just interested in the olive industry. Its olive growers vary in size from Hobby Groves of less than 100 trees to the commercial groves of 40,000 trees. *Olives* in New Zealand is very carefully selecting specific markets and specific countries. Typically, their growers and their suppliers, as far as the export performance is concerned, are looking carefully to target markets. Especially in foreign markets, they focus on a region because of the relationship with a local distributor or to find a local store since it is difficult to approach big areas due to many suppliers that dominate in these areas. Additionally, an exporter has to look for what one is selling, whether it is good or bad quality product. Moreover, their firms often take part in international exhibitions like in China, Los Angeles (USA), Canada and Japan. The preferred countries for its exports are the USA, Canada and Northern European countries due to their high comfort and because they look for superior quality products.

The main thing that stimulates the companies to start an export performance was the difficulty of domestic consumers to buy quality products, because typically the majority of New Zealand consumers prefer to buy from cheap supermarkets. Thus, companies are forced to look for acceptable markets.

One of the basic principal of Olives New Zealand is to inform the consumers of the areas that Extra Virgin Olive Oil (EVOO) is produced and how they will separate it from other of low quality. Moreover, they taste and check the imported olive oil in order to examine if it can be sold in New Zealand Market. Moreover, rather than pushing negativity and risking putting consumers off EVOO, they rather promote that consumers should look for the red Olive Mark on the bottle to ensure that they are buying certified New Zealand EVOO. They also insist on focusing on quality products. New Zealand products are considered to be superior products as well because the New

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Zealand image is a good primary producer. Another advantage is that they claim that New Zealand has a reputation for a clean, green environment which appeals to discerning consumers.

To conclude, Olives New Zealand is satisfied with its decision to participate in the Olive Oil industry. As New Zealand is a challenging environment for growing olive trees, they do flourish in many areas and produce excellent tasting EVOO, and of course 90% of olive oil produced in New Zealand is EVOO. People who chose to become involved in the olive industry do so because they are passionate about olives. Finally, they remain hopeful about the future of olive oil exports because people continue to be aware of the health issues of extra virgin olive oil. The more aware the customers about EVOO health issues are, the more they prefer to consume it rather than its substitutes.

*Dalmia Continental*

The last case totally differs from the previous cases because the specific company operates only as an importer. Dalmia Continental is the flagship company of VN Dalmia, son of pioneer industrialist Ramkrishna Dalmia, founder of the Dalmia-Jain Group. In 2003, Dalmia Continental launched a big Italian brand name, Leonardo Olive Oil, which soon became the leading brand in its product segment and a pioneer in establishing the popularity, image and use of olive oil in India. Except for Leonardo olive oil, Dalmia Continental had also other brand names like Hudson Canola Oil and Clusthander, a non-alcoholic beer. Other olive products that someone can buy from the company are Leonardo's olives, premium pasta and premium pickles, the last two products having olive oil as a main component.

There is no doubt that Dalmia Continental founded for being a leading provider of premium wellness foods giving healthy eating to every Indian home. That's why the firm decided to import olive oil, usually by containers, as it is known that India is the world no. 1 in heart disease, therefore they started using it more often for edible purposes except for massage purposes originally. The deal with Leonardo (supplier) products, in Italy, based on quality, attractive prices and responsiveness in combination with the benefits of Mediterranean diet for health reasons gave a complete packet to start the collaboration.

Finally, from a company's point of view, customers prefer olive oil for health reasons. Despite the high mono unsaturated fat and anti-oxidants, it helps to prevent heart disease, lower cholesterol and has many other health benefits. On the contrary, there are many cases where

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consumers prefer its substitutes like seed oils mainly for two reasons: because of the price (it is more expensive) and b) lack of awareness.

## **b) Additional Expert interviews**

*Mr. Finbarr Gonzalez O'Sullivan, the Marketing Manager of Agro Sevilla*

Mr. Finbarr Gonzalez O'Sullivan, the Marketing Manager of Agro Sevilla, shared additional information. To begin with, he mentions that the criteria for his firm to find a foreign market/country to export are not affected by Spanish communities created by their emigrants around the world. The Spanish emigration happened two centuries ago, which means that world data and trade every day change nowadays. He also refers to ships, truck companies or freelance truck drivers and boats as the most often used means of transport to send their products abroad, depending on the distance.

At this point, it is worth saying that the first country Agro Sevilla started exporting to, was Italy because its operations were related with Italian clients. On the occasion of this event, the firm reveals the pros and cons for someone to start their exports with their neighbouring countries. For a company with no experience in exports, when it decides to start exports, it is easier to start from the neighbouring countries because it belongs to the same area (the distance is shorter) and most of the times, it shares the same culture with at least one of them. Now, in the case of Agro Sevilla it is easier to go to Italy, France or Portugal. Inversely, its Southern neighbour, Morocco, which has many exporters of the same product, is considered as one of its rivals. Nevertheless, similar cultures and similar laws make the trade simpler but firstly everyone has to see if there are market opportunities and if not, there are other choices but to go away.

As far as what makes Agro Sevilla different from other firms is concerned, the marketing manager claims that Agro Sevilla is not only a company but they are also growers and producers; therefore, they are responsible for all the steps until the time its brand names reach the shelves of an outlet or a supermarket. They collect the olives from the trees, they produce the olive oils, they do the promotion, exports and they are also the distributors. The chain that often its competitors follow is that they have co-operators. This means that they have a producer, a bottler, an exporter, a distributor and so on. The main difference is that Agro Sevilla controls all these steps.

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At this stage, it is necessary to analyse the problems that sometimes the firm deals with. The first part of the problems is associated with the case of the existence of cheater competitors. The marketing manager says that they have faced this problem in some markets. Since this problem does not affect his company exclusively, but it affects the whole of the EU olive oil industry, they normally address this problem through Asoliva, the Spanish Olive Oil Exporters Association, to their Ministry of Agriculture and the EU, in order to negotiate with the authorities in the country where they face this fraud. In some cases, he highlights that the legislation allows the mixing of olive oil or simply doesn't forbid it. In most cases it is forbidden, but the law is not enforced. Through these negotiations, they try to make sure that the authorities will enforce the law and prosecute those producers that mix with low quality oils. Also, they try to increase the consumer awareness of the properties of 100% olive oil. In many countries consumers simply aren't aware of the fact that olive oil has been mixed with other oils is a low-quality product and in some cases it can be a hazard for their health. Additionally, the firm frequently asks the International Olive Oil Council, an international Association sponsored by the United Nations, whose purpose is to define worldwide standards regarding olive oil and olives, as well as to promote the consumption of olive oil and olives, for help.

In conclusion, he reminds to all interested parties the following: *'the market is bigger if you go outside than stay at home, thus, you will have the chance to get in new markets and increase your profits.'*

*Mrs. Gloria Esteban de la Rosa, Professor Titular University of Private International Law in Jaen, Andalusia, member of Yo Exporto Aceite(university team)*

Mrs. Gloria Esteban de la Rosa, Professor of Private International Law, University of Jaén, as a main member of this team shared her beliefs about the olive oil industry, basically as a specialist in what happens in Spanish companies. To begin with, she mentions ships as a main means of transport and emphasizes the variety of the ways Spanish enterprises use to increase their exports.

Moreover, she transmits positive energy by saying that there are a lot of things to do to increase the internationalization of the olive oil sector, which at the same time can be true. It is a good product and the most part of potential consumers is interested in buying it. Therefore, she doesn't adopt the separation that other firms make between extra virgin olive oil and only virgin or other kinds of olive oil which in every case, is the natural juice of the olive oil.

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In conclusion, the Professor highlights some drawbacks of Spanish firms and of the olive oil industry as well. According to her, one of the big problems the companies in Spain face is the general concern about the quality of olive oil. For this reason, they spend a lot of time talking about the characteristics of the product from the flavour perspective; olive oil enterprises try to adapt the product to the customer's demand and preferences, but at the same time they might lose the quality. In addition, customer demand is very different and depends on each market or place. Customers also have low switching costs. That is, everything depends on the price which means there is cyclic play surrounding olive oil. Olive oil is more expensive than other kind of oils like seed oils, or butter. Generally most consumers prefer olive oil, but they are not informed enough to appreciate the differences between butter and olive oil. If they were informed about the characteristic of olive oil they would absolutely prefer it. Another issue detected is the phenomenon of many oils of unknown origin when mixing olive oil with other low quality ones, but she doesn't regard it as a real problem of the industry.

*Mrs. Raffaella Bassito, Marketing Manager of Monini firm*

Mrs. Raffaella Bassito, Marketing Manager of Monini firm, started the interview with the basic means of transport: she mentions containers, trucks, ships and trains but the desire of the firm is to increase the use of train transports because she considers it as cleaner and greener.

As far as the export performance of the firm is concerned, the marketing Manager highlights that although Switzerland is close to Italy, it is not easy to export in neighbouring countries. For example in Greece, in France or in Spain, because Spain and Greece are both producers of extra virgin olive oil and have good quality, it is difficult to get in these markets. France is not an easy market either, so it does not depend on how far or how close the country is, but how you stand against the competitors and how consumers perceive the quality, how much they can spend for extra virgin olive oil, to what degree they care about healthy products and so on.

At this point, it is worth mentioning that the firm is also a producer and sometimes, when it is needed, gets olive oil from growers. This means that they often negotiate the price of the product:

Both sides try to negotiate as better as they can for their own benefit, but generally from our position, we are looking for the product if there are good market prices so we try to not go below the

average level of the prices. Therefore when a fair price exists, then it's a good deal for us and for the producers for negotiations.

Despite Monini's excellent product, Mrs. Bassito says that the firm has faced the problem that competitors mixed olive oil with another of lower quality many times in the past or even now. For a serious issue like this, the firm's opinion is clear: 'we are against these practises, we stand for quality because it's our tool for working, and it gives us energy to continue to work hard because this is reflected on our brand image, on our consumers around the world.'

According to her, an additional problem of the firm is that it is a pretty small family-run company compared to the multinationals so it's sometimes difficult to compete in a market that quality is not always appreciated. Therefore, when the economic war strives by low prices, the firm finds difficulties. Besides, they try to adapt their documents according to the legal requirements of the countries that they export, sometimes it's a long process, which can also prove to be expensive, but for sure this never stopped the firm to sell abroad. As far as the price war is concerned, everyone can find price competition from rivals anywhere so sometimes they sell less than what is expected. Now, about the political problems every country has, it is difficult for everyone who wants to enter this market, so it is something that the firm tries to overcome by itself. Considering the bureaucracy as well, they always try to collect all the documents that are needed in order to overcome it by presenting everything honestly.

At the end, Mrs. Bassito pointed out that the firm sometimes, if the circumstances require it, imports olive oil mainly from its neighbouring countries:

*'We buy from Greece, Spain, Australia because sometimes the olive oil in Italy is not enough, so we buy from Greece which is known for the good quality and is almost similar to the Italian or in some areas of Spain, so we look for quality products, quality extra virgin olive oil. We can also find high quality abroad.'*

Moreover, except for extra virgin olive oil, the firm also exports olive oils, oils, flavoured oils, pasta sauces and pesto with the olive as a main component.

Mr. Ranzani, Assitol's Director

To begin with, Mr. Ranzani, the Director of Assitol, mentioned the main means of transport Italian firms prefer: trucks inside the European market and ships for the rest of the world. In

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addition, Assitol's members sometimes import olive oil from other countries when it is necessary to meet the market demand. They also export seed oils, dressings, vinegar, and aromatised olive oils.

As far as the opportunities and the strengths, the obstacles and the barriers of Italian firms are concerned, Mr. Ranzani believes that they differ from company to company. Generally, considering the latter two, Mr. Ranzani says that when the main problem of mixed olive oil with another of low quality from a competitor shows up, Assitol asks the intervention of International Olive Oil Council, European Commission or local Authorities, but it depends on each separately. Generally speaking, Assitol has a quite positive point of view on that issue seeing it as a way to approach consumers and they consider it a positive phenomenon in countries in which olive oil is not usual. Other barriers according to Assitol are that firms more and more have new technical barriers like pesticide residues and contaminants; therefore it is hopeful that IOOC could harmonize this problem.

At this point, the Director claims that price is the most important factor in olive oil industry, that is, the price of bottled olive oil is strictly dependent on the price of raw material. In the past, they had big changes in its price. When the price rises, the volumes sold decrease, because olive oil sales are strictly dependent on consumer spending power.

In the end, the only unhappy thing for Mr. Ranzani would be the fact that more and more farmers in the world start producing olive oils and that poses a threat of competition to Assitol that represents and safeguards industrial firms and whose members are not producers themselves.

*Mrs. Eleutheria Germanaki, Supervisor of qualitative control of olive oil and quality systems of agricultural association of Rethymno*

To start with, Mrs. Eleutheria Germanaki, Supervisor of qualitative control of olive oil and quality systems of the association, considers that, in the case of Greece, sometimes it is easy to export in a neighbouring country as the cost of transports is almost the same, but depends on who your neighbours are. That is, many of Greece's neighbours, such as Italy or Turkey, have many similar products, consequently they are competitors.

At this point, Mrs. Germanaki would like to raise the pivotal issue of olive oil's prices. To begin with, the country which plays a vital role and defines the price of olive oil every year is Spain.



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Thus, Greek companies are obligated to follow this policy, especially in years of underproduction like 2013, and beg for a reduction in Spanish production in order to cover the demand of the market with higher prices. Generally speaking, whichever price difference consumers see is due to the difference between the qualities of olive oils that exist. Besides, Spain, which is the country with the biggest production of olive oil, is regarded as the expert of olive oil adulteration according to Mrs. Germanaki. Moreover, Spanish companies often import olive oil from Greece and resell it as Spanish. These phenomena happen when there is a big demand with low production, where the association is obligated to buy olive oil from suppliers. For this reason, the association has a department responsible for the inspection and checking out of the quality of olive oil included in the association. Generally, when the association faces these threats, it makes complaints to olive oil federations nationally and internationally to save and protect its rights and decency.

In conclusion, as far as the future of olive oil exports is concerned, Mrs. Germanaki says:

*'It is true that during the last decade more and more consumers around the world turn to a healthier diet, which in turn, benefits the reputation and the big increase of olive oil. Nevertheless, this sometimes has many disadvantages: many countries started to produce olive oils with lower quality such as seed oil than ours and many competitors came to the surface. Therefore, a big concern exists. From our position, we must continue to invest in our geographical position (Mediterranean Sea), which gives us a better olive oil quality due to the climate which validates the uniqueness of this product.'*

*Mr. Vartholomaios Seiradakis, the General Deputy Director of Eleourgiki*

As the starting point of the interview, Mr. Seiradakis, the General Deputy Director of Eleourgiki, underlines that the firm, except for extra virgin olive oil and its derivatives, also exports table olives, olive paste and olive soap. He also mentions ships and containers as the main means of transport Eleourgiki uses.

As far as the export performance of the firm is concerned, Mr. Seiradakis said that the country that Eleourgiki firstly got in, was Italy. For many years during the past, the firm had been exporting table olive oils mainly there. As far as olive oil is concerned, at the beginning of the 80's, they started exporting in the ex-Soviet Union for a specific period. The two governments had signed bilateral agreements and the firm was the main supplier of the Soviet Army. Subsequently the second approach became with the USA, where Eleourgiki continues to have an active role. There,

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the existence of a Greek community in countries like the USA is a base to start exporting but it is not the prerequisite. The biggest proof of this is the example of Japan with almost no Greek community. This market is very good, with cost effective and convenient for the firm. In addition, Japan is a very difficult Asian country with a different culture, but the toughest thing that someone can face is that Japanese are suspicious to someone unknown.

Taking into account the firm's pricing policy, Mr. Seiradakis claimed that price is dependent on two factors. The first is the annual size of the total Greek production and the second is the size of Spanish production which in turn, defines the price of olive oil worldwide. To be more specific, this year, Spain had overproduction, whereas, Greece had almost null production. In addition to this, if Greece had a bigger market share than what it has nowadays, it could have had bigger influence on the global price of olive oil. From what he remembered, there had been some years in the past where Greece had at the same time overproduction like Spain. Consequently, at that case the olive oil price fell down. A low production is affected by weather conditions and viruses like the olive fruit fly, which damages and pollutes the trees.

Now, a main problem that Greek olive oil companies have in the field of exports, according to the firm, is that there are redundant companies in this industry and they are not united. For example, Mr. Seiradakis said that in Spain 27 years ago, the 3 biggest cooperatives with the 3 biggest private enterprises merged after a decree-law. The outcome was that Spain has dominated in olive oil industry due to this consolidation for 27 years. Recently, 6 months ago, the top cooperative merged with the top private firm and the new company which came up, controls more than 800.000 tones, consequently everyone can comprehend that they can easily promote their product and set global prices. From their side, the Greek national production is about 300.000 tons against 1.600.000 tons in Spain. Moreover, Greece has more than 750 professionals who standardize olive oil and more than 1000 brand names.

Another problem can be the adulteration of olive oil from the competitors where the reaction of the firm is to make complaints and denunciations to the official authorities in order to defend the firm's rights. As other barriers that Eleourgiki has faced, Mr. Seiradakis narrated a story:

*In 1999, when we exported in China for the first time, the Chinese customs house stopped our container because they claimed that our olive oil includes peroxides in a high degree. The funny notion of this action was that they were unaware of what the real meaning of extra virgin olive oil was. They ignored that the peroxides of this product due to its natural origin, cannot be fewer than 10[For this reason the communal law (25/68, in 1991) has set 20 as the maximum number for*

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*peroxides. Usually this number varies from 8 at the beginning of harvest and ends up at the end of the season to 12]. Then the Chinese authorities required from us to destroy or take the olive oil back. After my personal initiative and simultaneous collaboration with the commercial department of our embassy there, we explained them that they made a mistake and they might have confused the peroxides of extra virgin olive oil with others of low quality such as seed oil or sunflower oil.'*

To conclude, about the Greek olive oil, Mr. Seiradakis claims that this product in combination with table olives include many nourishing substances that serve as a tool for health reasons in order for the consumers to protect themselves against many important illnesses. Additionally, the Greek land helps olive trees to obtain these substances due to the Mediterranean climate and because of its various lands. He also mentioned that the land of Greece is characterized as volcanic which helps olive trees to grow better, be wealthy and incorporate nourishing substances. A similar case is the land of South Italy, especially Sicilia due to the volcano of Aetna.

*Mrs. Aggeliki Nikolaou, the owner of Nikolaou Family firm*

At the beginning of this interview, Mrs. Nikolaou would like to add to the aforementioned information for its company that Nikolaou Family also exports in Ukraine and Russia where they prefer, support and consume the Greek olive oil instead of the Turkish which is cheaper. Mrs. Nikolaou believes that this happens because of religious bonds between the countries. Recently, the firm exported in Hong Kong where people are suspicious of Greek products due to the defective products in the past, so they do not easily trust whatever is Greek. Nevertheless there are many well-off people who search for good quality products and are aware of the Mediterranean diet benefits but they are still suspicious due to the aforementioned reasons. The firm also uses ships, containers and trucks as basic means of transport. Finally, it is worth saying that its partner in Germany faced many difficulties there the last 2 years due to the propaganda by many foreign media addressing the Greek situation.

At this phase, Mrs. Nikolaou marks that because of political and competition reasons, it is very difficult to export in neighbouring countries because of rivalry. For example, Italy and Turkey, which are closer to Greece, are rivals in the olive oil Industry. Turkish firms have a big advantage due to big support from their government in various ways. Italian firms often buy the best Greek olive oils and they import and resell them as Italian brand names. It is a common secret that the best Italian olive oils have substantially Greek origin. At this stage, she makes a reference to bulk olive oil where there is no limit or rule to buy a big quantity of it. Moreover, the firm's co-operator in

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Ukraine said that the Spanish and Italian governments have reached agreements with Ukraine and Russia governments and pay fewer taxes in customs houses. On the contrary, the Greek government never moved in these stages in order to help their firms to export. Therefore, Spain and Italy precede Greece. In addition, Spain law allows firms to produce seed-oil and rename it as olive oil in order to sell it, while Greek law forbids this action.

Another problem is the phenomenon of mixed olive oil with unknown origin and quality, in the market. Mainly, this happens when the big companies produce or sell simple olive oil except for extra virgin olive oil, and mix it with other of low quality of unknown origin. This results in selling it in a lower price in comparison to extra virgin olive oil. Many companies aim to concentrate on customers who are unaware of olive oil and they do not know the difference between the kinds of olive oil and they are willing to buy whatever is available for consumption. The paradox is that this process is legal. Nevertheless, there is an organization, Hellenic Food Authority, which is responsible for controlling whatever it perceives as illegal or when something is wrong.

At this point, Mrs. Nikolaou addressed the kind of olive oil that exists in market. Firstly, there is the extra virgin olive oil which is produced by olive oil-presses without any chemical process, which is why it is the best. Secondly, there is the virgin olive oil which consists of refined olive oil at 70%, and finally there are edible olive oils which, with the suitable chemical process that some companies implement, accomplish to have null acidity and make the flavour disappear. They also promote and sell them as virgin olive oils. As an added drawback, the firm considers its medium size because of the crisis Greece experiences, creates difficulties to continue to survive due to high costs and exhaustive taxes. As far as the international trade is concerned, the price war is a part of the game, so it is something expectable for all the firms regardless of their size.

In the end, Mrs. Nikolaou proposes to everyone who desires to get in the industry to emphasize and invest in quality. She believes that quality is the prerequisite for a successful selling policy. In addition, promotion and a tailored label or etiquette, give an extra point for the customers. Now about the future of olive oil exports, her words reveal her concerns:

*'Generally, I am an optimistic person, but as far as our country is concerned, I would say that I am pessimistic because of political reasons, that is, if our government does not help us more, I cannot see a future perspective. For instance, the Turkish government supports olive oil companies without taxes for the first 5 years or by giving loans without interests based on the firm's investment and finally by boosting them in order to collectively take part in international exhibitions under*

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*Turkish flag .To sum up, taking the current situation in our country into consideration, I'd say that I am still dissatisfied unless something changes.'*

*Mr. George Oikonomou, General Director of Sevitel*

There is no doubt that speaking with Mr. George Oikonomou, General Director of Sevitel, the official "expert" and most suitable for the Greek olive oil industry, it is a big chance to learn many useful things.

Mr. Oikonomou, initially started with the year of 2010 as the main stimulus for a Greek firm to start its exports. From then and on, there was a tendency from firms, except the existent exporters, to start looking for exports as the only optimistic and safe way due to unstable and vulnerable situation of the Greek market. Moreover, the foreign market, except for rare extreme circumstances, is safer in the trade-off where you get your money directly, mostly in cash exchanges. The main means of transport that are mentioned are ships and containers because of their cost effectiveness.

Furthermore, Mr. Oikonomou explains the difficulties of Greek companies to export in a neighboring country. He claims that it depends on which the neighbouring country is. For instance, Albania has closed its borders and in Bulgaria they consume mostly seed oils. Obviously, this question makes sense when the neighbouring country is familiar with this product. Conversely, the Netherlands which is not as close to Greece as the aforementioned, due to its stronger monetary policy and higher standard of living, can more easily support this product than its substitutes like seed oils or butter. As far as the other neighboring Mediterranean countries are concerned, it is not worth discussing because of the same product exporting and importing. There are some cases in which olive oil is sold in bulk to these countries like Italy where big firms buy Greek olive oil in bulk and they resell it as Italian. But this example cannot be regarded as exporting to another country because Greek firms operate as suppliers.

As far as the pricing policy is concerned, Mr. Oikonomou makes a general introduction and emphasizes on the role of two other main players, Spain and Italy, in the industry. Before Spain became a member of E.U. in 1985, its national production was about 300.000 tons while now its production reaches about 1.700.000 tons. It is clear that when they have these enormous amounts, it is difficult a big part of it to be regarded as of good or high quality. In contrast, Greece claimed that 80% of Greek olive oil ranked as extra virgin olive oil, which is by far the best kind of olive oil and generally oils. Hence, that's why the Greek olive oil prices cannot be oriented clearly or compete directly with the Spanish or the other countries' olive oil respectively due to the latter's lower

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quality than that of the Greek one. For example, the Spanish production cost is about 1.7 euro per kilo while at the same time the Greek is about more than 2.2 euro. Consequently, Spain has a superior advantage and bigger market share due to the variety of its enormous production.

According to Mr. Oikonomou, the olive oil prices vary each year because they are affected by weather conditions, which in turn have an impact on the size and volume of the annual production. Therefore, prices usually change due to the structure of Greek market. Conversely, prices rarely change in Spain and Italy. Despite their internal production, they also import olive oil. Hence, they can keep prices in a stable level in order to mainly meet the big supermarket chain needs with which they have signed important agreements. Nevertheless, despite the big problems that Greek firms face, they always try to have stable prices when they make deals with big customers and big-chains internally and abroad, because stable prices give good reputation, safe agreements and much acknowledgement. Now, about weather conditions there is no specific rule about which weather conditions are favourable to olive oil production. For example, there is a case of a soft winter and hot summer and 2 or 3 months in August or September before collecting olives from trees, when the temperature decreases remarkably or starts raining every day with low temperatures, resulting in collapse of the whole production.

Besides, it is worth mentioning that Greek firms, as a rule, never imported olive oils from other countries in the last years except for minimal cases of catastrophic periods like 2013-14, which was the worst of the last 80 years due to the unfavourable weather conditions. The reason is simple: the national production, the average number of which is 300.000-350.000 covers the national as well as the international demand.

As far as the phenomena of adulteration, Mr. Oikonomou refers that the olive oil is about 40% more expensive against seed oils, thus, the latter gives incentive for someone to start making adulteration. In Greece, the consumption of packaged-standardized olive oil is about 50.000 tons and of olive oil in bulk is almost the same number. For that reason, there is an organization known as "Hellenic Food Authority" or HFA in order to control, carry out researches and protect consumers and firms from these phenomena. As far as abroad is concerned, especially in Italy and Spain, similar organizations like HFA exist. Nevertheless, this phenomenon has low rates except for some extreme cases.

Another obstacle Greek firms deal with, is that they have weak distribution channels and contacts. Everyone would desire to make agreement with big chain supermarkets like Carrefour or Lidl but these big chain-supermarkets desire to find the olive oils with lower costs and quality.

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That's why Spain has dominated due to the enormous size of its oil production. Furthermore, the lack of cash flow and null support of the Greek state due to crisis creates an insecure and inconvenient situation.

To wrap up, Mr. Oikonomou concludes that the field of exports is not an easy affair. Only those who are well-organized and well-educated will survive. The bad thing in Greece is that every producer believes that with simple ways and without collecting information one can succeed. This is not true. If a firm does not have the economic comfort and the suitable infrastructure, it will never be calculable in this specific competitive international industry. Only the big firms and the massive associations that invest in marketing and promotion have remarkable possibilities to make profit.

Last but not least about the future of Greece in the industry, Mr. Oikonomou says:

*'On one hand, traditionally, as the third biggest country of olive oil production, we should be optimistic, because olive oil always exists. If we accomplish to convince foreign consumers to buy our product highlighting its diet values, then we have perspectives. On the other side, I am moderately optimistic due to the basic lack of infrastructure in Greek Market in contrast to Spanish Market as they are better organised (remarkable support from the state).'*

*Mr. Said Janan, the Manager of Mount of Green Olives in UAWC*

Mr. Said Janan, the Manager of Mount of Green Olives in UAWC, after mentioning ships as the main means of transport and the fact that his Union's olive oil is sold by private label, he made a brief description of the main obstacles that they face as a Palestinian player in the industry.

The main obstacles the Union observes are two: the quantity and the price. The former refers to the fact that the total quantities of olive oil exported from Palestine are very small in comparison to other olive oil exporting countries. The latter entails the problem of competing rivals with their prices. So they have their own special clientele. Basically the biggest problem they face is the price issue as Palestinian olive oil prices are double than those in Europe. To overcome that, they do not try to enter mainstream markets. They look either to people-to people trade or fair trade channels. Moreover, they try to maintain similar prices for 2 to 3 years, however, if there is a big difference in one of the seasons, then they are obliged to increase or decrease the price.

At the end, he seemed to be pessimistic about the future of the industry which is becoming very difficult. If the Union manages to maintain or maybe increase its share a little bit, then they will

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be happy. Finally, he said that people are becoming more conscious of what they spend their money on and since their product is more expensive than that of a European origin, sales are going lower every day.

*Mrs. Gayle Sheridan, the executive officer of Olives New Zealand*

To start with, Mrs. Gayle Sheridan, the executive officer of Olives New Zealand, said that normal means of transport are ships.

Moreover, Mrs. Sheridan also reveals that they often import olive oil from Australia and resell it to the USA. The reason is the weakened volume of olive oil and the low price. Moreover, Australia, is a neighbour and there is very limited potential to export there because of the price differential. The additional countries-suppliers of New Zealand, except for Australia, are Spain, Italy and Greece due to their good image as Mediterranean countries and also due to their normal price and cost.

In conclusion, Mrs. Sheridan claimed that New Zealand EVOO also has a different taste profile to European EVOOs because of their maritime climate. Their growers produce only EVOO, reaching almost 100% of customer satisfaction, but even if they comprehend olive oils of unknown quality, they do not denounce it because they also import big quantities of the product, as the demand in New Zealand exceeds the local supply. Therefore, one of their goals is to focus on increasing the productivity in order to reduce the cost of the oil. That is, if they increase the crop groves on the trees, they will reduce the cost of oil which will be more cost effective. New Zealand imports far more olive oil than it exports. There are 4.000.000 litres imports against 40.000 litres exports because of lack of the Mediterranean climate.

*Mr. Joshi MK, Sr. Executive Assistant to Mr. VN Dalmia (Chairman of the firm)*

Mr. Joshi MK, Sr. Executive Assistant to Mr. VN Dalmia would like to highlight only some barriers Indian importers deal with, as well as the firm's decision to get involved with the olive oil industry.

Firstly, some barriers and problems that Indian importers often face will be presented. Most new importers in India are under the wrong impression that they can make a quick profit by



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importing some olive oil. This is not the case. The consumer buys only known brands. Besides, it is difficult to enter retail stores with a new brand. Entering chain stores involves payment of heavy listing fees and display charges. These are barriers to their entry. As such, the new importer is unable to sell the olive oil he has imported and after some time, he liquidates the entire stock below cost at a huge discount. It makes life difficult for the whole industry. This, unfortunately, happens.

In conclusion, he seems to be totally satisfied and confident with the choice of the firm to engage in the olive oil industry because olive oil is expected to have an impressive upward rise in India. Keep in mind that until 2013, they had 100 per cent plus growth each year!

## **6.1. PESTEL Analysis**

At this point, a PESTEL analysis for the aforementioned olive oil firms will be conducted bearing in mind their general common attributes, examining the firms as a whole. A PESTEL analysis is a useful business strategy tool for company decision making. Thus, PESTEL analysis will help the potential readers perceive which factors they should take into account to have a positive export performance.

Analytically, a PESTEL is an analysis of the external macro-environment that affects all companies. PESTEL analysis divides environmental influences into six categories: political, economic, social, technological, environmental and legal factors. Therefore, PESTEL gives a clear framework of influences which are responsible for the potential success or failure of specific strategies. To be more analytic, politics refers to the role of governments, economics point out the macro-economic factors, social factors emphasize on changing cultures and demographics. Technological factors refer to innovations, environmental ones promote more the 'green' topics and finally the legal factors underline legislative constraints or modifications (Johnson, Whittington, Scholes, 2011). Moreover, the theoretical parts of this thesis as well as the cases showed that the six dimensions of PESTEL analysis have a big impact on firms' export performance.

### **6.1.1. Environmental Influences of PESTEL Analysis**

*Political factors:* Generally speaking, all the companies highlighted the importance of government decisions on their export performance. In some cases, not only the role of governments that have as a base, but also the role of the governments from abroad where they export. As AgroSevilla added, these decisions, mainly associated with the taxes and the price, are very sensitive. An additional problem is some obstacles the firms face from customs houses when they get in a new country. Other factors that were also mentioned are costs and bureaucracy.

Moreover, the role of European Union as a big united government for its members is clear, giving them basically two advantages. The first is that the E.U. gives a culture subsidization which is common for all growers in Europe for example olive oil which belongs to a community as communal olive oil is often being promoted. The second is that for olive oil production, considering exports, the European Union partially gives incentives, subsidizes promotions, campaigns, advertisements or chances for a firm to take part in exhibitions, especially generic promotions. But generally speaking, there is no direct help from the E.U for exporters.

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Additionally, as far as the three major players of the olive oil industry are concerned, Spain, Italy and Greece, it is worth saying that the former two governments in contrast to the Greek and Palestinian, sometimes help their firms by sponsoring promotional campaigns like in Spain, and, in Italy, supporting firms in exporting their products by collective fairs, contacts with store chains buyers and business travels for example.

Now, as far as other countries out of E.U. are concerned, many governments make free trade agreements with other countries to avoid or eliminate the terror issues that they face as in New Zealand. Last but not least, many governments usually sign bilateral agreements in order to facilitate the trade-off between the firms and to avoid many of the above problems.

***Economic factors:*** The basic characteristic here as a factor, is the global financial crisis that affects world trade more or less. For example, some marketing managers notice that firm's exports in some markets which face an economic crisis, such as Ukraine, affect their sales directly. On the other hand, in Brazil, a growing country, there is a positive influence on their sales, thus, exporting depends on every country's financial performance, good or bad. Another problem of the crisis is that the firms do not have any bank support, as the deputy general director of Eleourgiki explained. An additional consequence of a crisis is the disparagement and the distrust a country can be accused of. For instance, Greece experienced that with Greek products mainly in the last two years. Another factor can be the price war which is a part of the game. For example, Spain is by far the first country of olive oil production, with more or less 1,500,000 every year. The period from 2013 to 2014, comprises a record year for the Spanish production as the harvest reached 1.800.000, according to the general director of Greek Association of Industries and Processors of Olive Oil, or Sevitel. Therefore, Spain, due to its dominance, most of the times has the ability to set the international prices and the costs of the industry. Consequently, many rivals are obligated to follow this situation if they desire to remain in the industry.

Weather conditions and production are also regarded as economic factors because the price and the quantity are directly affected by them. Neither the weather nor the production is always the same each year. Furthermore, not all the production collected from the trees gives high quality olive oil. However, the companies can find ways to sell the whole production to avoid definite problems. Other factors which affect olive oil price are substitutes' prices which are less expensive and the difference in prices between olive oils due to the variety of kinds, keeping in mind that the best kind of olive oil is by far the extra virgin olive oil.

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In conclusion, the general gradual increase of fuel prices and transportation costs had a remarkable impact on exporters' performance. There is no doubt that all the aforementioned economic factors can have direct impact on consumers who judge if they can buy olive oil or not, turning into its substitutes, considering its price which always changes.

***Social factors:*** Many firms have observed many social changes such as an increase of urban population and a positive effect in increasing the consumption of olive oil and olives. The degree of educated population affects them a lot, because people who live in big cities due to the lack of direct contact with the countryside start to turn to healthy foods where olive oil is a basic element of a healthy diet. In addition to this, the more educated the population is, the bigger the consumption of olive oil is, for example, over the last decades due to the widespread benefits of the Mediterranean nutrition, the Central, North, North-West Europe, the countries of Far East and Oceania increased their orders.

Keep in mind that in some cases the fact that many immigrants who came from Mediterranean countries, live in those countries, contributed maximum to make olive oil widely known. Last but not least, other firms claim that when you apply for new markets, of course the increase of urban population helps you because someone who lives in a big city has many choices. One will go to the supermarkets or to restaurants, so one will make more often use of olive oil than someone who lives in a small village, without meaning that the latter cannot use olive oil as often, respectively. Undoubtedly, as the owner of Nikolaou family olive oil-press rightly highlighted, they are firms, and therefore they directly depend on society and the way the society behaves and changes, for example customers' switching costs, so society factors affect their performance.

***Technological factors:*** The technological evolution resulted positively in all companies being and remaining competitive in order to meet the consecutive market needs. Moreover, if someone desires to be an active member of this industry, one must always change or update or refresh their equipment in order to meet the global market and industry demands when needed. Consequently, all the companies often change their equipment with new, modern ones, for example, they invest in new machines that allow better products, cheaper and faster to produce, in order to avoid high levels of return. Moreover, the widespread use of the Internet created many benefits to firms as a tool for various uses.

***Environmental factors:*** Successively, companies pay attention when they buy new equipment to be as friendly to the environment as possible. In this sense, they protect the environment by using ecological material such as glass for bottles, and recycling the products as

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often as they can. During the production they have to implement many measures, which are heavy investments, to prevent air pollution, such as pollution control and obtaining green certification, to prevent air pollution. Finally, many firms continuously try to implement organic ways of cultivation, by using natural fertilizers and pesticides in order to reduce the use of chemical products. The leaves and the olive dough after extracting the oil are reused. The leaves are used to feed livestock and the olive dough is used for heating in the winter.

**Figure 1.** *PESTEL Analysis of the Olive Oil Industry*

<p><b>Political</b></p> <ul style="list-style-type: none"> <li>✓ Generally governments' decisions like taxes, bureaucracy or</li> <li>✓ Governments interventions to protect firms' rights</li> <li>✓ European Union &amp; Governments 'support such as partially subsidizations, promotional campaigns, incentives, exhibitions,</li> <li>✓ Bilateral agreements between the governments for better trade conditions &amp; trade-off</li> </ul>	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>✓ The global financial crisis and its consequences.</li> <li>✓ The fuel and transportation cost increase.</li> <li>✓ The weather conditions and the annual production as benchmarks on pricing policy.</li> <li>✓ Price War</li> <li>✓ The substitutes of olive oil(e.g. Seed oil, butter etc.) as a result of the aforementioned</li> </ul>
<p><b>Social</b></p> <ul style="list-style-type: none"> <li>✓ The increase of urban population</li> <li>✓ The high level of education and the increasing knowledge about the Mediterranean diet.</li> <li>✓ The role of emigrants as a starting point.</li> <li>✓ The society's behaviour and influence on firms' export performance</li> </ul>	<p><b>Technological</b></p> <ul style="list-style-type: none"> <li>✓ The role of technological evolution such as often changes or refreshments of equipment with new one and updated to meet the market and industry's demand(high levels of return)</li> <li>✓ The deployment of the Internet as the faster way of advertisement, promotion, contacts etc.</li> </ul>

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Environmental	Legal
<ul style="list-style-type: none"><li>✓ Use of materials and equipment friendly to the environment.</li><li>✓ 'Green' certification.</li><li>✓ Organic ways of cultivation (ex. use of natural fertilizers, pesticides etc).</li><li>✓ Pollution controls and measures.</li></ul>	<ul style="list-style-type: none"><li>✓ Import duties and labelling standards.</li><li>✓ Internal and external Acquisitions, patents, rights, trademarks laws &amp; copyrights.</li><li>✓ Legal consultants</li></ul>

**Legal factors:** Import duties, technical requirements and labelling standards can be considered as legal issues for the firms. These factors can become a major problem when there is not enough time from their publication to their enforcement. Other legal factors are patent labelling, intellectual properties or rights, acquisitions, copyrights that the firms have in order to protect their product. Sometimes, the patent ideas occur in the country where someone exports through himself or via his representative who applies to the relevant ministry in order to obtain the legal rights. A potential ministry may be the commercial ministry. In addition to this, the main target for the firms is not to become victims of fraud. Therefore, they have legal consultants in order to protect their rights and interests.

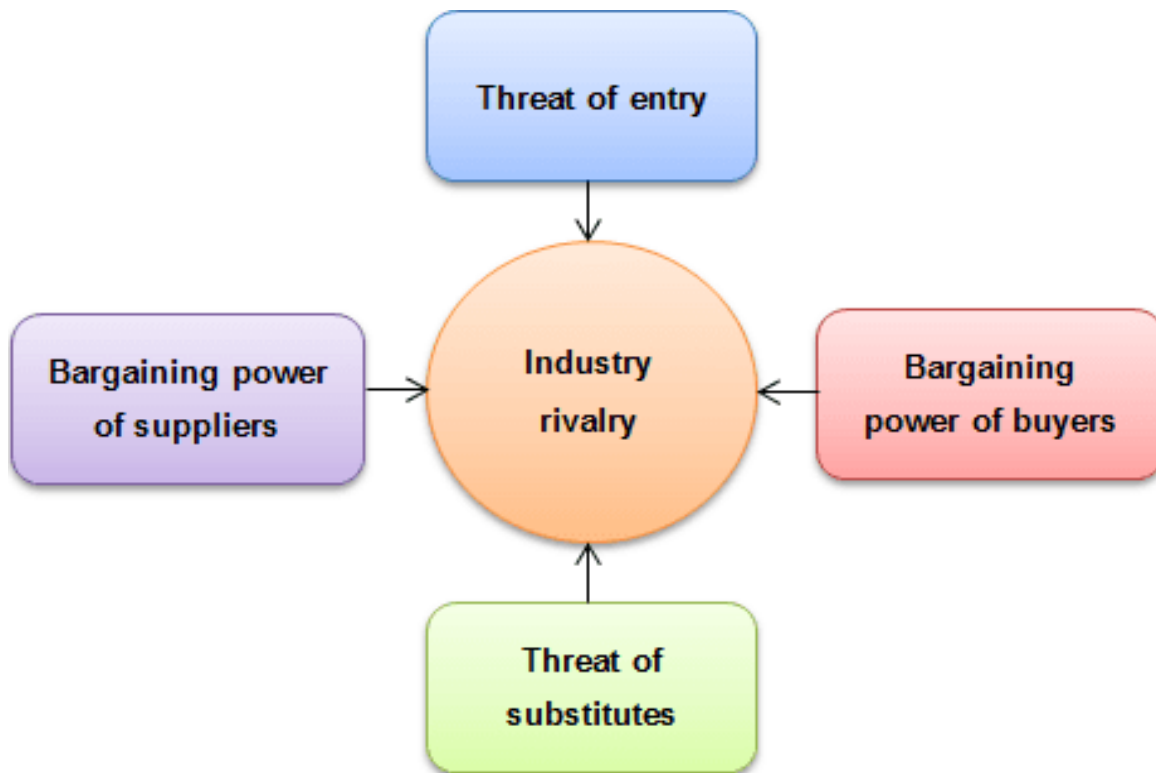
At this point, it is worth mentioning that in Greece, the ministry of development gives firms the 'L' which is a number protecting the product, in other words 'L' is the identity of the product. For instance, the agricultural association of Rethymno, in Crete, has "4007" which is the identity of their product until the consumers buy it. Moreover, it is forbidden to standardize olive oil without having the 'L'. At the opposite side, abroad, you must now apply electronically to the services of the E.U. commission in order for your brand names to have an international acknowledgement.

To conclude, as far as the quality of olive oil is concerned, there is a legislation known as "25/68", created by the International Olive Oil Council (IOOC), which is very strict and all the companies are obligated to comply with it. The main idea of this law is the general protection of whatever refers to olive oil.

## 6.2. Porter's Five Forces Analysis in International Olive Oil Industry

The model used in order to figure out the attractiveness of the Olive Oil industry is the Porter's five forces analysis. The framework includes, the bargaining power of buyers, the bargaining power of suppliers, the threat of entry, the threat of substitutes and the existence of industry rivalry. This model is generally a framework for industry analysis and business strategy development. These five forces together represent an industry's structure which is typically fair and stable. For Porter, an attractive industry structure is one that offers good profit potential (Johnson, Whittington, Scholes, 2011). For these reasons, the Porter's Five Forces Analysis in Olive Oil Industry and based on thesis data collection methods, is presented below:

Porter's five forces table (Johnson, Whittington, Scholes, 2011)



### ➤ *Bargaining Power of Buyers*

Powerful customers, the flip side of powerful suppliers, can capture more value by forcing down prices, demanding better quality or more service, thereby driving up costs, and generally playing industry participants off against one another, all at the expense of industry profitability.

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Buyers are powerful if they have negotiating leverage relative to industry participants, especially if they are price sensitive, using their clout primarily to impose pressure on price reductions (Porter, 2008).

*Low Switching cost:* In the Olive Oil industry, buyers hold a powerful pivotal role due to many reasons. To begin with, they have the power to choose the specific product, although they are not forced to buy it. They have many options to choose, in proportion with the prices, as olive oil is an expensive product. Because of weather conditions and many other factors which determine the price of olive oil, explained in previous chapters, consumers not only do have the power to choose between olive oil and its substitutes like butter but also between the variety of olive oils such as EVOO, virgin olive oil and olive oil. Moreover, another powerful weapon customers have, is that they can make the olive oil firms adjust the product in order to match their preferences more. For example in North Greece where people are not familiar with extra virgin olive oil, they mix olive oil with seed oil in order to weaken its spicy flavour and make it sweeter, or in America and Sweden where they are not well-informed about the Greek extra virgin olive oil which sounds to them more aggressive against Spanish which is regarded as softer in flavour. Thus, firms make whatever is needed to meet the consumers' demands.

*Buyer competition threats:* Finally, nowadays, due to the technological evolution, consumers can buy directly whichever kind of olive oil they desire via the Internet. Moreover, they benefit more because they find cheaper prices, as via this way firms overcome the barrier of suppliers and distributors who charge more and offer attractive prices.

➤ ***Bargaining Power of Suppliers***

Powerful suppliers capture more of the value for themselves by charging higher prices, limiting quality or services, or shifting costs to industry participants. Powerful suppliers, including suppliers of labour, can squeeze profitability out of an industry that is unable to pass on cost increases in its own prices (Porter, 2008).

The case studies revealed that when an export firm is simultaneously a production unit, suppliers and distributors have almost null power because in this case, firms are responsible for all the steps, in other words production, standardization, packaging and distribution, and also they are



independent from suppliers and distribution channels. Therefore, these firms can guarantee the quality of the product 100%.

On the other hand, in big firms, suppliers play a significant role as sometimes suppliers or wholesalers supply the firms with olive oil when the latter need it to cover the internal and international demand. Also suppliers can be producers and growers who sell olive oil to the firms or to agricultural unions and associations. Last but not least, the degree to which suppliers can play a major role for exports and determine the olive oil price depends on many factors. These are, the quantity a firm requests, as if a firm needs small quantities, suppliers can raise the prices, the period of the order, the season that determines the overproduction or the opposite, as well as the size and the area of the supplier, as a local distributor or supplier is more preferred because it is difficult to approach big areas due to the existence of many suppliers. All the aforementioned factors determine the power of suppliers. Thus, in big areas, which they dominate, the *switching cost* is *high*. In contrast, in local areas the *switching cost* is *low* due to the variety of choices.

#### ➤ ***Threat of Entry***

An attractive industry has high barriers to beat in order to reduce the threat of new competitors. Barriers of entry are the factors that need to be overcome by new entrants if they are to compete in an industry (Johnson, Whittington, Scholes, 2011). In the olive oil industry, taking export performance into account, typical barriers are the following:

*Scale and experience:* In the olive oil industry, economies of scale are extremely significant: For instance, countries like Greece, Italy and mainly Spain, which is the leader of the industry, have superior advantage and bigger market share due to the variety of its enormous production. Therefore, they can determine the costs and successively the global prices. Additionally, the aforementioned countries and generally all the big players of the industry, have already obtained the suitable knowledge as experts, that is, they know more about how the industry works, whereas the new entrants have no experience. Therefore, it is very difficult for a new or potential market, country or firm from another country to get in the industry.

*Differentiation:* New entrants have to think of how to provide consumers with a product that makes the difference in contrast to rivals. Therefore, they have to think of how they can differentiate their olive oil in order to attract consumers to buy it. The ‘‘innovation’’ that they should think of,

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has to a) be one that never existed before and b) make sure that the product is cost effective for the costumers at the beginning. This is a little bit difficult for a potential entrant to succeed in, because the existing firms have already launched many of those propositions, such as flavoured oils, pasta and cosmetic olive soaps.

Legislation or government action: Potential entrants have to rethink it, due to many legal rules, like patents, copyrights, and labels. Moreover, we have seen that the government never or rarely helps the companies, but the most important of all, they create many problems such as bureaucracy, unstable political situation, taxes, barriers in custom houses, crisis and so on.

Access to supply or distribution channels: suppliers and distributors in big areas with big chain stores and supermarkets are dominators and they collaborate with big firms, therefore it is difficult to find anyone because of their high switching cost.

Expected retaliation: As in all industries happen, new entrants can avoid the price war which is a part of the game, thereby the current firms will do whatever one can to reduce the number of new or potential entrants.

➤ ***Threat of substitutes***

Substitutes are products or services that offer a similar benefit to an industry's products or services, but made or produced by a different process (Johnson, Whittington, Scholes, 2011).

In the Olive oil industry, substitutes such as butter or seed-oils, like sunflower oils have a pivotal role to play. It is known that olive oil is an expensive product and its price depends on many factors analysed in this paper. Therefore, in proportion with what the olive oil price is during each period, the consumers, because of low switching costs, choose between olive oil and its substitutes. For that reason, firms either prefer to get in countries with high standard of living or to modify the product to be more cost-attractive for the consumers.

➤ ***Industry/Competitive rivalry***

According to Johnson, Whittington and Scholes, (2011), competitive rivals are organisations with similar products and services aimed at the same customer group, i.e. not substitutes.

As well as the impact of the four previous forces, there are additional factors affecting the olive oil industry:

*Competitor balance and high fixed costs:* Greece, Italy and mainly Spain, who are the main players, have superior advantage and bigger market share due to the variety of their enormous production. Therefore, they can determine the costs and consequently the global prices. Nevertheless, they make efforts to reduce the market share between them. Furthermore, firms that came from these three countries, considering the economic crisis and price war, also feel this hard competition internally and internationally. For instance, Mrs. Bassito from Monini firm, Italy, pointed out that her firm is a pretty small family company, compared to the multinationals, to compete in a market where quality is not always appreciated. When the economic war exists in low prices, small firms like Monini face many difficulties. Another example is the Nikolaou family firm where, due to its size, as all the small or medium size firms, and the crisis that they experience in Greece, it is very difficult to survive because of high costs and exhaustive taxes.

*Low differentiation:* In commodity markets, where products or services are similar or poorly differentiated, like the olive oil one, rivalry is always increased by existent players, because the buyer competition threat, dealt with in paragraph “bargaining power of buyer”, and the fear of customer low switching cost exists.

In Conclusion, Porter’s Five Forces Analysis operates as a benchmark mainly for the potential exporters or players who desire to get into the industry and have an international activity, while the aforementioned data reveal threats and obstacles the olive oil industry has, operating as a barrier for new entrants. Therefore, the potential or future players have to rethink it very well and take into account the five forces in total before deciding anything. Additionally, the five forces is a useful tool for the current players or exporters, giving the latter the chance to see the problems of the industry again, in order to improve or change the strategy each one has. Furthermore, Porter’s analysis, considering the current situation within the olive oil industry, addresses the pros and cons all the interested participants have, such as big and small firms, customers and suppliers.

### **6.3. Parameters for a potential success**

Kotler (1994) describes four parameters which lead an export olive oil firm close to success: product, price, place and promotion. These four P's are the parameters that a firm can control, use specialized tools for and face the internal and external constraints of the marketing environment. Taking the above parameters into account, a firm can take successful steps in the field of national and international market. Therefore, the common parameters found from the above firms will be presented below:

#### ***Product***

There is no doubt that all the firms try and invest in having high quality products. The biggest efforts focus on Extra Virgin Olive Oil, EVOO, which is the best kind of olive oil and serves as the best advertisement for companies. As mentioned in previous sub-chapters, firms have a variety of products except for EVOO and its derivatives, such as table olives, cosmetic soaps and paste. Moreover, the preferred means of transport for the product to reach a destination is ships, airplanes, trucks, trains and containers. Furthermore, firms use many kinds of olive oils considering the customers' demands, thus, sometimes they adjust or modify it, for example flavoured oils, in order to meet the general requirements of the host country.

#### ***Price***

It is obvious that there are many factors which can determine the product's price. Generally, olive oil prices vary each year because they are affected by weather conditions, which in turn have an impact on the size and volume of the annual production. Moreover, price is affected by the product quantity of the competitor. We have already seen the phenomenon that the market or country which has bigger or the biggest production, being the leader of the industry, has a superior advantage and bigger market share due to the variety of its enormous production because it can affect global costs and prices. Furthermore, prices can also be influenced by an internal or/and global economic situation which in turn, leads customers to buying cheaper products, like substitutes. Nevertheless, there is a general tendency from the majority of firms to keep prices stable when they make deals with customers, especially with big customers and big-chains internally and abroad, because stable prices give good reputation, safe agreements and much acknowledgement.

### ***Place***

As a rule, companies prefer to be in contact with countries that have already built relationships with, based on trust and credibility. These markets can be developed markets like the USA, the Far East countries, Scandinavian countries, or central and West Europe, due to the fact that they are more aware of the health benefits of olive oil. Another criterion for a firm to find a country to get in, is its high standard of living, which means that they consume olive oil for health reasons and because they are willing to pay a lot as olive oil is an expensive product. Furthermore, a good indication to find a place is the existence of a community which comes from the same country as the exporter firm. To conclude, firms also search for countries where they already have a local supplier, distributor and representative or a partner, because of the trust and ease the existent distribution channels offer.

### ***Promotion***

All the companies, in order to increase their exports and generally their internal and international sales, invest big amounts of their budget in promotional methods or ‘tricks’. For example, they organize promotional campaigns in foreign markets through magazines, and participate in exhibitions to inform consumers about the superior quality, the use and benefits of olive oil. Besides, nowadays, people live in the world of technological evolution, that is, firms mostly the big ones use the TV as the main means for their advertisement. Moreover, remarkable tools for exporting are the image of the bottle, the brand name and the outstanding or glamorous design of the bottle. Finally, we should not forget the power of the Internet nowadays. Thus, all the companies that desire or have already been in the field of export, regardless of their product, must create and use their web-sites and through which they must inform the consumers about their offers and everything that the firm deals with.

## **7.0. The Results**

In this chapter we will summarize to what extent the findings of this study give answer to the first three research questions (or RQs) will be answered. The last three RQs will be dealt with in chapter 9.

To begin with, starting with the first RQ, the cases, as well as the entire chapter 6, reinforce the theoretical parts of this thesis. The case studies show that firms are directly affected by many external factors, especially in the export sector. Therefore, every firm in the olive oil industry can benefit from a PESTEL analysis (in section 6.1.1.) to improve its activities domestically and internationally. By doing so, firms avoid future mistakes and remain on the right track.

Another important external factor is the role of channel relationships. Especially foreign distributors have a crucial role. Cooperation between the firm and the foreign distributor is significant, as uncertainty in the firm's external environment increases the need to collect more information about foreign markets. For this reason, many firms pointed out the importance of a partner or a foreign distributor, like AgroSevilla case in which the marketing manager highlighted that the third step of his company in order to get in a new market is to find a partner. By doing so, they pick up as many details as they can. Many other references to the role of channel relationships have been disclosed. For instance, Eleourgiki where the management tries to promote olive products via local representatives the company has in every country. The same happens in the New Zealand example where, they prefer to concentrate on small areas and provinces due to their relationship with local distributors.

In addition, countries with big olive oil production can sometimes operate as suppliers, such as Spain, Italy and Greece. Moreover, the degree to which suppliers can play a major role in exports and determine the olive oil price, depends on many factors. These are, the quantity a firm will request, as if a firm needs small quantities, suppliers can raise the prices, the period of the order, the season that determines the over or underproduction, as well as the size and the area of the supplier, as a local distributor or supplier is more preferred because it is difficult to approach big areas due to the existence of many suppliers. All the aforementioned factors determine the power of suppliers. Thus, in big areas which they dominate, the switching cost is high. In contrast, in local areas the switching cost is low due to the variety of choices.

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As far as the second RQ is concerned, the internationalization processes of firms at some point depend on the internal political situation. According to the cases, one of the primary motivations for exporting was to avoid losses from a saturated home market. All the above firms claimed that this was by far the main reason for export activities since in the domestic market too many firms offer the same product. For example, Greece has about 750 professionals who standardize olive oil and more than 1000 competing brand names, so, there are redundant firms in relation to the size of Greek Market. Thus, export gives firms incentives to look for new underexposed markets.

Moreover, factors such as physic distance between the home and the host country or some traits, can influence the export performance of firms. Indeed, all the companies examined revealed, that before they get in a country, they analyse all the factors, for example, if the host country has the same product like Greece, Italy and Spain and therefore they are rivals, if they are aware of the product, if homogeneity exists and if the country is developed and there is a high standard of living.

Furthermore, government policy about the firms' export activity can influence them in making a decision to enter or not into foreign markets. We have seen that exporting is a way for firms to find new customers. On one hand, the trade-off between them is safer in international level due to the domestic governments' instability in decision making, because of the taxes or the lack of support. On the other hand, in some cases, governments boost firms to have an export performance, like the Turkish one.

Other factors that can boost a firm to extend its activities are international safety in terms of payment, profit opportunity, interest from abroad, international consumer awareness, in some cases emigrant community, bilateral agreements between the countries which contribute to better trade conditions for all the parties and so on.

At this point, it is worth mentioning the role that olive oil plays as a product by its own, contributing to quicker internationalization of firms. Day by day, consumers are more aware of its general benefits, especially whatever is relevant with extra virgin olive oil, which contributes to the ongoing global increase of its demand. That is a great opportunity for all olive oil firms. An additional significant opportunity for firms is that they can advertise their products through media like the Internet or TV, thanks to the technological evolution, which in turn, give them the chance to have access to new ambitious, developed markets.

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Differentiation and uniqueness have also been presented as an extra weapon for firms' internationalization. All companies try to promote the uniqueness of their products, giving them a superior position against their rivals. They attempt to convince their customers that their products have some special traits which make them differentiate from what the others obtain. For this reason, they insist on highlighting the characteristics of EVOO, the top of olive oils, as an extra reason for its consumption.

Finally, the third RQ relates to the obstacles every firm faces in general, preventing it from expanding their activities abroad. Indeed, if someone goes back to legal, political and economic factors in PESTEL analysis (6.1.1.), studying the whole Porter's 5 forces (6.2), they realize the number of obstacles the industry has and how difficult is for all the parties involved, to find ways and solutions to all these problems. Moreover, obstacles to firms' international activities can be weaknesses and threats, as cases descriptions disclosed. Weaknesses as well as threats vary from firm to firm:

A weakness for a firm-producer is that it has to sell the entire production of its growers. This has a good and a bad part. Focusing on the latter, when you produce olive oil, not all the quantity of olive oil has the best quality, but they have to sell everything and not only the high quality part. Another weakness, especially for agricultural associations and central corporations, is that they are not flexible, that is, they do not have an individual owner like big export companies, so when they deal with some disagreements, it takes much time and effort to overcome them because of the big number of partners. Moreover, in these cases, price consists of three pillars: the bottom pillar is the price producers sell to local unions and agricultural associations. The second is the price sold by local unions to big firms and last but not least, the retail price, which is the one on which customers buy the product.

Threats: The first threat is the global unstable financial situation. Another threat for a company can be that it must compete with productions from other countries with lower costs. The above cases reveal that a country or company with bigger quantities has a superior position to determine the cost, prices of olive oil and the norm of quality. Many consumers are not aware of how olive oil industry works or why prices sometimes are up. Conversely, they choose to buy other olive oils or substitutes that are cheaper. An additional threat considered, can be whatever impinges on the firms, such as mistakes in production, in packaging and in standardization. As far as small medium size (SME) firms are concerned, a threat or weakness is that they become uncompetitive as they cannot afford the high costs and exhaustive taxes due to price war and crisis, for example, the lack of government



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and bank support, especially for the Greek firms. Moreover, there is the threat of entry, as the more rivals get in the industry, the more difficult every firm's position is. An unstable political situation is a remarkable threat as well, especially in the case of UAWC, in Palestine.

## **8.0. Discussion**

Results indicate that a successful export activity of olive oil firms depends on many factors except for ESFs which will be mentioned in the next chapter.

To begin with, it depends on motivations and opportunities they have in order to start exports. According to the cases, motivation can be a financial crisis or an unstable political situation, such as in Greece or Palestine. At this stage, firms should also take into account the obstacles that they might face, like the lack of government support, for example, chapter 6 where many firms complain, or the price competition which is an obstacle for SME firms against the big ones.

One of the most important things was the role of macro or external environment factors in firms' decision to export olive oil. These factors underline the points every firm can focus on, regardless of their size or their export volume because these dimensions refer to all companies.

A worthwhile finding was the way customers and markets behave, which in turn can teach many things to the olive oil companies. Customers mainly behave positively in line with olive oil consumption when they are well-educated. This most happens in countries with high standard of living like in the Scandinavian ones. Moreover, the bargaining power of customers can determine the volume of exports and profits. Olive oil is an expensive product against substitutes, so an increase in olive oil price because of unfavourable weather conditions or due to the dominance of a few countries to set the global prices, can negatively affect customer decision. Besides, the ability of a firm to keep the prices almost stable can define its volume of loyal customers and export activities. As we have seen, almost all firms try to keep prices stable. This drives them to obtain reputation and build a trust relationship with their customers.

As far as market behaviour is concerned, the degree to which the target market or country is familiar with this specific product can be a decisive benchmark for firms in order to adjust, adapt or modify it in order to meet the market needs. The most concrete example is the case of North Greece and North America which are not keen on EVOO, because of its spicy traits. In those cases many firms adjust the products by mixing them with seed oil or other oils in order to achieve softer taste.

Last but not least, one of the most powerful weapons the olive oil firms have is the uniqueness of their product. In other words, all the firms try to present the health benefits the olive oil has, especially the EVOO one, against to other kinds of oil and substitutes. According to scientific researches, countries where people consume the substitutes of olive oil have more than

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40% chances to suffer from colon cancer. This has proved to be the best kind of promotion and advertisement for olive oil companies because millions of people face problems because of bad nutrition habits. We do not forget that, according to the cases, this was the first reason for Dalmia firm to import olive oil, as India is the number one country in heart diseases. Additionally, the promotion of the Mediterranean diet as healthy way of living, the main component of which is olive oil, operated as the best advertisement for olive oil expansion around the world, which in turn, increased the export performance of many companies. In line with this sense, independent authorities often provide the olive oil firms with economic, legal and any other support needed, like IOOC, HFA and Sevitel in Greece, Asoliva and EXTENDA in Spain, Assitol in Italy, and Paltrade in Palestine. The main aim of these authorities or organizations is to protect the rights of their members and organise campaigns for the better awareness of consumers, for instance, they fight against not standardized or not packaged olive oil.

## **9.0. Conclusion**

The main objective of this study was to examine which the success factors of olive oil exporting are, (answer to RQ4), focusing more on the case of Greek olive oil. More or less, all the aforementioned companies, regardless of their nationality, summarize that the success factors of olive oil exporting are the following:

✓ Emphasize on high quality product like extra virgin olive oil. (3<sup>rd</sup> ESF in section 3.2.) All the firms (in section 6.0.) try to pay great attention to quality products and in what way they will differ from their rivals, as the awareness of consumers about olive oil increases day by day.

✓ Obtain a favourable company image (5<sup>th</sup> ESF in section 3.2.). From what we have seen from the firms, this has two prerequisites:

a) Take care of the product. In other words, do not leave anything to happen by accident and set ongoing targets in order for your product to reach the optimal level.

b) Adapt and adjust olive oil, when it is necessary, according to the customers' needs,

✓ Be on time concerning the orders' deadlines. This stage is very important if one firm always desires to get in new markets. Trust is everything in trade-off and requires time and big effort to gain it. Therefore, during the transaction period with foreign clients, a firm should be accurate. By doing so, it gains more reputation, prestige and continues expanding its activities abroad.

✓ Internationally orientated Strategy (4<sup>th</sup> ESF, section 3.2.). The main firms' criteria (in section 6.0.) for entering into a new market are, if the potential market is familiar with the product, if the target consumers are well-informed about the benefits of olive oil and generally, if an opportunity for business exists there. Additionally, a domestic saturated market was an extra stimulus for a firm to determine its international strategy.

✓ Invest in the whole process of production from the initial until the final steps in order to achieve the best result, obtaining better quality along with minimal losses.

✓ Conduct local market research before entering a new market. This also entails the first two ESF in section 3.2., in other words, close knowledge of the external marketplace and comprehensive network of contacts. We have seen that all the firms try to pick up as much information as they can before entering in a new market. The aforementioned require contacts and collaborations with professionals, who provide firms with all this information. For this reason, the majority of the firms in this research insist on cooperating with partners, representatives, local suppliers and embassies that are a strong tool for every export firm.

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As was expected, the dominant countries in the olive oil industry are the South European ones (answer to RQ5), especially Spain, Italy and Greece, due to their strong location in comparison with other countries like New Zealand, that is the Mediterranean Sea, which in turn gives them the biggest production as the natural environment for olive oil cultivation. Additionally, this location lets them set the global prices every year, as they hold about the 80% of global production. At this point, it is worthwhile that although these countries profit from the Mediterranean climate, not all the places within these countries are appropriate for olive oil cultivation. A general rule says that the altitude should not exceed 600 metres above sea level. For that reason some mountainous areas, such as in Northern Greece, are not familiar with extra virgin olive oil (EVOO).

Between the three countries, Spain has a big advantage as it is the country with the biggest national production and therefore, it affects the prices most. Nevertheless, this also has a negative aspect. Because of the enormous volume of Spanish production, not the whole production is of high quality, or in other words EVOO. Consequently, many times, Spanish and Italian firms are forced to import olive oil from Greece which has smaller national production compared to the former. Greece has the biggest volume of extra virgin olive oil, as EVOO is about the 80% of Greek production while the respective rates of Italian and Spanish EVOO are lower.

At this point, we should say that Greek firms, as a rule, never imported olive oils from other countries in the last years, except for minimal cases of catastrophic periods like 2013-14, which was the worst of the last 80 years due to the unfavourable weather conditions. The reason is simple. The national production, the average number of which is 300.000-350.000, covers the national as well as the international demand.

To wrap up, the Greek olive oil has a competitive advantage against the other dominant countries, Spain and Italy, due to the fact that it provides the customers with some special traits which in turn, make the difference and give it superiority:

- Intense fruity, bitter and spicy traits of Greek EVOO which makes the difference and gives a superior position.
- Smaller production which in turn leads to bigger quantities of EVOO
- Volcanic land. Greece is characterized as a volcanic land, contributing to the fact that the olive trees grow better, be wealthy and incorporate nourishing substances. A similar case is the land of South Italy, especially in Sicilia, due to the volcano of Aetna.

If the Greek olive oil industry desires better export performance (RQ6), firms should follow some steps:

➤ Improve its distribution channels and contacts, which is one of the main reasons for the Spanish dominance.

➤ Reduce credibility gap due to the lack of cash flow. As the General Director of Sevitel, which is the main body of the Greek olive oil industry, mentioned, the internal lack of cash flow due to crisis creates an insecure and inconvenient situation. For instance, in Nikolaou family case, where its partner in Germany faced problems on approaching new customers due to the Greek political instability situation.

➤ Ask the Greek government to support, advertise and conduct campaigns for olive oil as well as fund more the firms since olive oil is considered as the no. 1 national product.

➤ Change the domestic players' mind-set about olive oil industry and merge Greek firms if it is possible: All interviewees in Greek cases above, more or less agree that the internal situation is uncontrollable. If a firm does not have the economic comfort and the suitable infrastructure, it will never be calculable in this specific competitive international industry. Only big firms and massive associations that invest in marketing and promotion have remarkable possibilities to make profit.

The Greek national production is about 300.000 tons against 1.600.0000 tons in Spain. Moreover, Greece has more than 750 professionals who standardize olive oil and more than 1000 brand names. On the other side, Spain has dominated due to this consolidation for 27 years. Recently, the top cooperative merged with the top private firm and the new company which came up, controls more than 800.000 tones, consequently everyone can comprehend that they can easily promote their product and set global prices.

## **10. Limitations**

Significant effort and time was needed to get in touch with and convince some firms to participate in this study. As usual, many companies and associations were reluctant to help a master student due to the lack of trust in order to share their 'secrets' with someone unknown. Consequently, many companies never replied to my emails while other ones were convinced to collaborate with me after many attempts.

Furthermore, the majority of Skype and telephone interviews have been completed by additional questions asked separately by e-mail. Undoubtedly, interviews completed by mail require much more time to be answered because of time difference and interviewees limited time and in most of cases, the answers were short, creating many gaps. Thus, a personal interview at the premises of the company would have generated better results as well as a direct contact and interview could have led to more useful and integrated outcomes.

In addition, the interviewees were well-informed about the topics they were questioned about, but a direct visit to the companies and associations would have given me the chance to take interviews from more than one person, covering all the aspects better and obtaining a more objective opinion. At this point, we can say that the majority of the interviewees exploited the Skype or telephone distance and as it could have been expected, interviewees tried to focus more on the advantages of their companies and not say too much about their drawbacks. Unfortunately, travelling costs strengthened this situation and created barriers for a deeper research.

At this point, with big respect to all potential readers, I concisely mentioned some information about the export activity of other olive products like soaps and table olives due to the fact that all the aforementioned firms ,in chapter 6, concentrate more on EVOO and olive oil successively. The reason is that olive oil is the strongest product which gives more chances for exporting and brings more profit to olive oil firms.

Finally, the fact that only one firm which wholly imports olive oil was found, created some difficulties to have an insight into what the other criteria of importing firms are, except for health reasons. Last but not least, all the data of this thesis, including the interviews, were collected the academic year 2013-2014, thus, some data, for example the quantity of olive oil production among the Mediterranean countries or the price, might have been modified during this year.

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**APPENDIX I**

**The content of the main questions related to the exporters**

1. Which efforts your company have done or intend to do in order to increase its exports?
2. Which foreign markets your company prefer for its exports and why?
3. Could you tell me the process of your product (olive oil) follows in order to reach on the shelves of the outlets in abroad? Which means of transports you use?
4. In which degree, you believe that your product meet the customer/market's demand?
5. Have you ever faced the problem that your competitors mixed olive oil with another of low quality? If yes, what was your company reaction in order to solve this problem?
6. Have you ever made decision for reducing the phenomenon of consumption of mixed olive oil? (If yes, which was the content of those decisions?)
7. Do you believe that the European Union help the companies in order to promote their products? The E.U. gives subsidization to new exporters in order to motivate them to start exporting the olive oil to foreign markets?
8. Considering its pricing policy has the company ever made or uses to make big changes in short terms (big changes in price)?
9. From your point of view, which is the competitive advantage that your company has in contrast to competitors?
10. What was the main thing that motivated your company to have an export performance?
11. Which was the first foreign market that you approached and why?
12. Is it easier for a company to start its exports for its neighbour countries? If yes, which are these factors that make this collaboration easier?
13. Which were the problems (barriers) that you faced when you decided to export your products? Which barriers were and in what way you managed to overcome them (e.g. price war, bureaucracy, legal barriers)?
14. Except for olive oil, do you export other olive products?
15. Can you mention which are the strengths, the weaknesses, the opportunities and the threats that your company has.
16. Can you tell me those factors that have an effect on the company' export performance?
17. Have you ever imported olive oil from another country in order to meet your customers' need or market's demand?
18. What will you advice the new companies which want to extend their activities in the field of exports (in olive oil industry)?
19. Are you optimistic for the future of olive oil exports and why?

## **APPENDIX II**

### **The content of the main questions related to the importer**

1. Can you tell me the reason why you choose to import olive oil?
2. From which country you prefer to import olive oil and why?
3. Which are the criteria in order to choose that country?
4. Which are the factors in order to make a deal with your exporter/supplier?
5. Can you describe which means of transports your company use in order to import olive oil (e.g. Container, ships, truck etc)?
6. Do you believe that the customers prefer for their consumption olive oil or its substitutes and why (butter, other kinds of oil such as seed oil, sunflower oil etc.)?
7. Tell me which are the factors affecting customers to choose olive oil?
8. Are you satisfied with your company decision to engage with the olive oil industry and why?
9. Are you optimistic about the future of olive oil industry?
10. What will you advice the new companies which want to extend their activities in the field of imports/exports? (In olive oil industry)

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Datum: **20/08/2015**