A Work Project, presented as part of the requirements for the Award of a Master Degree in Management from the NOVA School of Business and Economics

CONNECT TO SUCCESS CONSULTING PROGRAM

SALINA GREENS

Business Plan

Ana Sofia Pita Vieira, #2527

Jessica Patrícia Pinho Martins, #2555

A Project carried out on the Master in Management Program, under the supervision of:

PhD. Carlos Alves Marques

6th January 2017

Executive Summary

SG is a producing company that was legally created on the 4th of November 2016. According to the *C2S* Program, it was necessary to develop Business and Marketing Plans that took into consideration possible foreign operations. Therefore, the first step was to evaluate SG's internal conditions regarding its goals, mission and values. The next step was the market analysis that was divided into two: the Portuguese and foreign markets. Thus, on the one hand, it was crucial to assess the potential competitiveness of SG in the Portuguese food-retailing industry, and on the other hand, it was necessary to conclude about the feasibility of operating in a foreign market. Hence, 5 European countries were analysed: UK, France, Germany, Spain and Hungary. Germany was the chosen country due to its increasing organic food demand, lack of supply from domestic farmers, low business risk and a high rule law transparency.

Afterwards, 3 financial scenarios were created regarding SG's country of choice to operate in. According to each scenario probability, SG's NPV is €918688.8.

All in all, regardless of SG's profitability in each financial scenario, 2 Marketing Plans were created, differentiating the Portuguese and German operations, in order to give SG's CEO the opportunity to choose the plan that best fits her company's goals.

<u>Glossary:</u>

GDP: Gross Domestic Product	KPI: Key Performance Indicator	KSF: Key Success Factor	P&L: Profit and Loss Statement
SEO: Search Engine Optimization	SG: SalinaGreens	UK: United Kingdom	V.A.T.: Value-added tax
VC: Variable costs	W.T.P.: Willingness-to-pay		

Table of Contents

1. Business Introduction

SG, a company that produces Salicornia, was created by a Biologist, Márcia Vaz Pinto, who worked 16 years with this halophyte plant at the salt-marshes of Alcochete. The project was firstly idealized by her in 2015 and put into practice with the help of two family members. As a result, this company was legally created on the 4th of November of 2016 as a single-member company. Nevertheless, since this business is at an early stage, Márcia applied to *Connect to Success*, a program developed by the *USA Embassy*, in order to develop strategies for SG's launch in national and international markets. Thus, the present thesis' main goals were the creation of a Business Plan and the development of Marketing and Internationalization Strategies taking into consideration the business vision, mission and goals. As minor goals, there were the development of a market research to better understand the customers' needs, the elaboration of a Fund Strategy and the review of the company's financial situation.

Márcia's initial idea was to sell SG's product as a local brand from Alcochete. However, the consulting group did an online survey concerning the Portuguese Consumer Behaviour and with the results' analysis, it was possible to conclude that there was no product awareness. Thus, it was necessary to develop a new idea that was no longer dependent from the development of the salt-marshes from Alcochete, since the business was located in Salinas da Conceição Grande, Ribeira das Enguias (Appendix 1). To complement this survey, a tasting experiment was done in order to have insights about the Portuguese consumer responsiveness to the taste of Salicornia and awareness of its health benefits. Nonetheless, since the Portuguese operations demand high efforts to increase product and brand awareness, an internationalization plan was developed, in order to export to Germany, where the final consumer is more aware of Salicornia and receptive to organic food.

Salicornia

Salicornia is a green leaf plant that grows next to river estuaries. It is highly resistant to salt, incorporating it in its constitution. It can grow up to 30 centimetres, but only the last 8 are edible. It resists well to the cold and can be preserved up to 15 days, after being bought fresh and stored in the fridge. The organic fresh Salicornia is only edible from March to September, and Salicornia in powder has an expiration date up to 6 months.

Due to its high nutritional level, Salicornia can be considered a superfood, since it is rich in calcium, iodine, iron and vitamins A, B and C as well as in antioxidants and omega-3 (Vera M.S. Iscan 2014). In addition, as 100 grams of Salicornia is equivalent to 124 grams of sodium, it can be a substitute for salt ingestion. This is a good option, particularly for people with high blood pressure (Yvonne Ventura 2011). The last benefit is its diuretic effect (Yvonne Ventura 2011). Furthermore, Salicornia has several applications. In its dehydrated form it can be used to make tea. Then, the powder and fresh forms can be used to temper salads and other dishes, especially the ones with fish and seafood. At last, fresh Salicornia can also be eaten as a vegetable and its powder is frequently used as a component of beverages such as detox and energetic smoothies (Yvonne Ventura 2011).

Finally, for consistency purposes, the concept of *organic* was considered to have the same meaning as *biological*.

2. External Analysis

Demand for organic food across Europe

According to the Organic In Europe Report (IFOAM EU 2016), 2016, there are 3 main trends in the EU organic market: this market is growing up to 2% - 3% per annum, the consumer is increasing his spending on organic foods, and the consumer demand for more high quality products is increasing, which means that in some countries, such as France and Germany, fruits and vegetables correspond to a fifth of the overall organic markets. Other fact is that in 2014, the organic market had retail sales valued at €24 billion. From 2005 to 2014, per capita organic products consumption grew 110%, from €22.4 to €47.4, while household consumption of food and non-alcoholic beverages stayed almost the same, increasing by only 13%. Nevertheless, despite these values, the increase in the EU organic farmland area just grew by 1.1% and the number of producers actually fell by 0.2%. In 2014, in the EU, only 5.7% (10.3 million hectares) of the total area was used for organic farming.

The organic farming regulation is underdeveloped (IFOAM EU 2016). This can create the sense of distrust, since the customer might need assurance that what he is purchasing is indeed organic food. Since these products usually have a short lifespan, one can argue that a shorter supply chain would increase the information flow, enhancing consumers' trust. However, organic food supply chains are more expensive, and lack reliability, since production does not occur all year long. Thus, it is quite frequent to have a mismatch between supply and demand (IFOAM EU 2016).

All things considered, it is possible to conclude that the EU organic production (supply) is lower than the European demand for organic products. Thus, taking this into consideration, if the supply side does not grow in the future, these demand needs will be met by imports, not benefiting the EU farmers.

PESTLE Analysis Portugal

Political Situation: One objective of the current and the previous Portuguese Governments was to align the Portuguese legislation with the *Europe2020* Strategy, which focus on the improvement of several areas such as employment, climate change, education, research and development, poverty reduction and social inclusion (European Commission 2016). Following this strategy, a partnership agreement was made between Portugal and the

European Commission. Thus, the *Portugal2020* Plan was created. This plan comprises an operational programme called *Mar2020* that supports aquiculture in order to promote an environmentally sustainable, efficient, innovative, competitive and knowledge-based aquiculture and the increase in employment in this sector (MAR 2020/Agricultura e Mar Actual/Voz do Algarve 2016).

Considering taxes, companies that are considered Small Medium Enterprises and Micro Enterprises are only charged by 17% on the first €15000 of profit in each year (Deloitte 2016), and the V.A.T. applied to salt and vegetables is 6% (Autoridade Tributária e Aduaneira 2016).

Economic: Despite the national and international crisis that is affecting Portugal mainly since 2011, the Portuguese economy expanded 0.3% on the second quarter of 2016, compared to a 0.2% growth in the previous period. The real growth in 2015 was 1.77 (Pordata 2016).

In Portugal, the purchase power per capita has increased since the economic crisis. However, there are significant differences by region. In the metropolitan area of Lisbon, this indicator decreased from 2007 (136.9) to 2013 (125.1). Nevertheless, it is higher than in the rest of the country (Pordata 2016).

Social: There was a deterioration of the labour market and the social situation due to a contraction in the aggregate demand, which was caused by the simultaneous effect of fiscal contraction, significant banks' balance sheet deleveraging and general confidence effects. More precisely, employment has declined significantly since the pre-crisis level. In addition, since 2013, the improvement in the labour market did not result in a meaningful job creation or in the growth of employment levels (Escária 2015).

In the second quarter of 2016, the employment rate in Portugal was 51.90%. Nevertheless, this value is still low when compared with 2008 (pre-crisis), as this rate was around 57%

(Trading Economics 2016). Regarding the unemployment rate, despite a recent drop, it is still considered high, standing at 10.8% in August 2016 (Trading Economics 2016).

Considering inequality, which is also traditionally high in Portugal, it increased as a consequence of the crisis. The Gini Index of income inequality, which had been decreasing before the crisis, reverted to an increase from 33.7 in 2009 to 34.5 in 2013 (Escária 2015).

Technological: In 2016, Portugal held Web Summit and it will hold it again in the next 2 consecutive years, which makes Lisbon one of Europe's most important technology markets. Regarding the production of Salicornia, the rotating sprinkler nozzle that turns a standard sprinkler head into a precision device that can water the soil saving 20% of water is an innovative equipment that is available in Portugal (Waterwise Santa Barbara 2016).

Legal: According to Rede Natura, 2000, there are protected areas related to the environment and species conservation (ICNF 2016). When the production of Salicornia occurs in those protected areas, more precisely in special protection areas for wild birds species and in places of community importance, which is the case of SG's production, it is forbidden to change the environment, according to *PTZPE0010 – Zona de Protecção Especial do Estuário do Tejo ao abrigo da Directiva Aves (Decreto-Lei no 280/94)* and *PTCON0009 - Sítio de Importância Comunitária do Estuário do Tejo (Resolução do Conselho de Ministros* (*Decreto-Lei no 142/97*). Even though Portugal has mixed laws about considering the production of Salicornia as farming or fishery activity (Biodiversidade 2000), this report will consider it as farming, since competitors, such as Casa do Sal da Figueira da Foz, discuss producing Salicornia through farming practices.

Other important aspect is the bureaucracy needed to constitute an enterprise in Portugal. Nowadays, a single-member company can be formed in approximately 48 minutes through the website "Portal do Cidadão" (Administrativa 2016), costing about €360.

Environmental: Comparing to other European countries, due to its temperate climate, Portugal has an advantage in terms of weather and the vast seacoast is also a benefit for the production of Salicornia, since salty water is essential to this vegetable.

Finally, the biological production of Salicornia does not put the environment in jeopardy, on contrary; it can preserve and maintain the salt-marshes that already exist in Portugal. In fact, the production of Salicornia must respect Tagus estuary natural conditions and preserve the natural habitat of its species. As Salicornia is considered a regular specie of these salt-marshes, its biological production does not interfere with the environment or increase significantly the presence of humans in the territory.

Porter's Five Forces

Porter's Five Forces (Porter 2008) contributes to a better understanding of the industry in which an organization operates, identifying its business pressures. Nevertheless, it has some limitations, such as being a static model and disregarding trends (growing, stable or declining) that are included in this analysis.

Threat of Entry– Low but growing

First of all, it is necessary access to the physical conditions required to the growth of Salicornia. The soil needs to be impermeable and rich in minerals and calcium carbonate. Plus, the pH should vary between 7 and 8 (Pires 2015). Moreover, the weather conditions are also important, since the plant requires a hydric and salt balance. Then, capital requirements are detrimental, as the producer of the plant must be able to either buy the land or rent, being this way dependent on the type of contract agreed with the landlord.

The maintenance of the land and the plants must be taken care over the year – high level of labour work during sowing and harvest seasons. The labour work could be applied to more plants. This way, these costs would be lower, since they are spread over more quantity of

Salicornia, achieving economies of scale. However, the company needs to have customers that can explain the high level of production.

With regards to the legal protection of the plant, the EU has the 92/43 EEC Directive (Commission of the European Communities 1992) on the conservation of natural habitats and wild fauna and flora. There is also an increasing need for biological certification since it is mandatory in biological/organic supermarkets. Thus, in order to get into these stores, companies must also follow Commission Regulation (EC) 889/2008 (Commission of the European Communities 2008) about organic production and labelling; Council Regulation 834/2007 on the same issues and ISO Guide 65 (International Accreditation Forum 2005) that specifies general requirements that give credibility (to a third party) that the product is "reliable and competent" (ISO 1996). Furthermore, the biological certification has two components: plant production and exportation and importation[1].

Supplier Power: Not Applicable

SG is in the first step of the value chain as a producer.

Buyer Power: Medium and Increasing

If Salicornia is sold to a niche market, buyers will be less price-sensitive since they are well informed about the trade-off benefits and costs of Salicornia. Nevertheless, the buyer continues to have medium relative bargaining power, since producers want to sell all their production and there is no legal association among producers to try to estimate a minimum price that Salicornia is being sold. Plus, the price and the relative bargaining power will depend on the weather conditions of each year, since it will influence the quantity of Salicornia that will reach the market.

---

[1] Information obtained by phone call with Sativa, a biological certification company

Threat of Substitution: Medium and Increasing in general markets

Considering the general market, it is high and increasing, since salt is a commodity, meaning that customers switch brands according to prices, not perceiving differences between brands. Moreover, it has a low price and buyers are price sensitive, having a high bargaining power and a low-involvement buying decision (Martin 1998). However, in niche markets, this threat is low and increasing, since with the health trend increasing among consumers, there are herbs and spices such as, mint, rosemary and chili that can substitute Salicornia. However, none of them is considered to be a superfood (food with high nutritional level and health benefits).

Industry Rivalry: Medium and Increasing

All in all, there is a low concentration of producers of Salicornia. In addition, the production entails high cost structures. Although in the general markets there is a high quantity of substitutes, in niche markets, the consumer values the health benefits of a plant without sodium chlorite that has nutrients, such as iodine and calcium (Ventura, et al. 2011).

Porter's National Diamond

Porter's National Diamond (Porter 2008) will contribute to a better understanding of the general conditions to the creation of a company producer of Salicornia in Portugal. Nevertheless, the model has some limitations, as it does not include the consequences of globalization (imports and exports).

Factor Conditions: According to the environmental factor (see PESTLE in Portugal), Salicornia needs specific biological requirements, such as salty water and pH, and Portugal conditions benefit its production (Pires 2015). The weather conditions are also favorable to the growth of wild Salicornia, which has a better flavor and it is more nutritious than the Salicornia that grows in greenhouses. Moreover, the weather conditions (low probability of flood and natural catastrophes) are also beneficial to its proliferation, since it needs hydric balance (Pires 2015). In fact, the production is done earlier than in other countries (Gunning 2016), for example, in the UK, the harvest starts in April (1 month after SG's harvest). Thus, by being in Portugal, SG can take advantage of the natural resources and offer a better product differentiation than its foreign competitors.

Demand Conditions: The National Health System created a national strategy for a reduction in salt consumption among citizens (Direção-Geral de Saúde 2016). According to it, Portuguese people ingest the double of the recommended amount of salt during meals. Thus, it created a document advising Portuguese people to substitute salt, using herbs instead (as an example). For public health matters, it is crucial a decrease in salt consumption, since it is associated with cardiovascular diseases. In addition, the National Health System is focused on educating the population about healthy eating options.

Until 2006, there was only one biological market and it was located in Lisboa. Miosótis is also a well-known brand in Lisbon, which is about to expand its business. According to the Biological Agriculture President, Jaime Ferreira, more biological concepts are about to open in Porto and Aveiro. In addition, big supermarket chains, such as Continente have "Área Viva", where organic products are sold – "Área Viva" sales grew 16% and 25%, in 2014 and 2015, respectively. Also, Jaime Ferreira mentions that biological farmers reported a 20%-30% increase in sales, in 2015, and the sociologist Mónica Truninger defends that most people change their eating habits when they have a "health scare" that makes them wanting to have a healthier lifestyle (Exame 2016).

Related and Supporting Industries: It can be comprehended 3 supporting industries: 1) Companies that need raw materials to produce healthier foods; 2) Universities; 3) Portuguese Agricultural Clusters.

With the new demand conditions, not only restaurants and supermarkets are following this organic food trend, but companies are already implementing healthier brand extensions, such as *Compal Natura* (Exame 2016).

According to PortugalFoods (PortugalFoods 2016), a Portuguese Agricultural Cluster that helps businesses to internationalize, the collaboration between producers and universities enhances the probabilities of innovation, especially with regards to healthy, organic food that sometimes does not need much transformation, since they can be eaten raw (Julião 2013).

Context of the Firm, Strategy and Rivalry: Salicornia production is aligned with the Portuguese biological and sustainable agricultural trend (Exame 2016). Moreover, due to the specific weather and soil conditions, it creates an edge over competitors that do not have access to natural resources like Portuguese companies do.

Government (not applicable): The biological production must be certified through a company that is specialized in certifying biological production, and importation or exportation (if applicable). Thus, it represents an extra cost for food companies, because it is mandatory but only involves public authorities in an indirect way (Malta 2014).

All things considered, the government is not a significant entity to this business creation. Nevertheless, there are expected new funding subsidies through *Portugal2020* (see PESTLE analysis).

3. Internal Analysis

Mission: *To produce halophytes and derivate products in a salty environment and with a biologic certification, throughout a sustainable and innovative production method - the bio saline agriculture.*

Vision: *To be the restaurants' and retailers' first choice both nationally and internationally, when ordering biological Salicornia.*

Values: *Practice a sustainable agriculture with salty water; respect the environment and produce high quality products.*

SWOT Analysis

The SWOT analysis (U.S. Department of Agriculture 2008) aims to identify the strengths and weaknesses of a company as well as pinpoint the opportunities and threats that exist in the external environment. However, it has some limitations, such as, the lack of dynamism between variables.

Strengths	**Weaknesses**
• Superfood (rich in calcium, iron, iodine and vitamins A, B and C) • Early production regarding other European countries • Sustainable and environment-friendly production • Biological production • Low use of fresh water • Several products (powder; fresh; dehydrated; seeds)	• It is a seasonal vegetable • Small production area • Production risks • Protected production area (no changes/construction allowed)
Opportunities	**Threats**
• Follow the biological products' trend in the market • Enter in the gourmet market (charge premium prices) • Expand production for other industries such as pharmaceutical (Hashem 2015)	• Contaminated water • Pests and diseases • High margins for resellers[2] • Competitors with more economies of scale (larger production area)

Table 1 – SWOT analysis

[2] (FAO 2016); (Gray 2012)

Competitive Advantage

There are different ways to prepare for the future. Some companies just react to the changing environment and others prepare themselves by investing in organizational resources. With regards to the latest, the next step is to verify, through a VRINNO[3] table, if any of the organizational resources is a competitive advantage for this company. Companies achieve a competitive advantage by creating and delivering more economic value than their competitors, capturing a fraction of that value in the form of profits (Besanko, et al. 2013).

According to the Resource-Based View (Wernerfelt 1984), each firm has a heterogeneous set of resources that can be translated into a competitive advantage. This is a small business, which consequently, confers a competitive advantage over general firms, since the decision-making is faster and less bureaucratic. Thus, it has more agility over general firms. However, it is not a sustainable advantage in the overall market, since there are also other small firms in the same geographical area (Jacob & Magna Cardoso). Considering the biology knowledge, other competitors have more a specialized skilled labor, being the competency imitable. In addition, SG is under a contract that enables the production on field for about 5 years, with the hypothesis of renewing it. Thus, it is transactional, and most direct competitors enjoy access to favorable natural resources. Furthermore, there is 1 competitor awaiting the biological production certification (Canal do Peixe) that SG is trying to obtain through Sativa, a certification company. At last, the proximity to Lisbon's Metropolitan Area can be a competitive advantage regarding other competitors that operate in Portugal. Nevertheless, it can be imitated if new competitors arise near Lisbon or Jacob & Magna Cardoso refocus their selling efforts to Lisbon.

All in all, the only sustainable competitive advantage comes from the established partnerships, due to the unique synergies that come from the collaboration between entities.

---

[3] Framework discussed in Strategy II Course – Lectured by João Silveira Lobo

Organizational Resources		Valuable	Rare	Inimitable	Non-Substitutable	Non-Transactional	Organizationally Embedded
Competencies	Knowledge in Biology	✓	✓	✗	✓	✓	✓
Specialized Assets	Location	✓	✓	✗	✗	✗	✓
	Biological Production Certification	✓	✓	✗	✓	✓	✓
Architecture of Relationships	Family Business	✓	✓	✗	✓	✓	✓
	Partnerships (C2S)	✓	✓	✓	✓	✓	✓

Table 2 – SG's VRINNO model

4. Production (Appendix 2)

Production Stages

The production is divided into 5 stages, divided all year around.

Production phases	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Soil preparation												
2. Sowing												
3. Irrigation												
4. Harvest												
5. Transportation to the warehouse												

Table 3 – Production stages

Production Risks

The production risks can be divided into five categories (PennState Extension 2016).

Risk	Level of Risk	Risk	Level of Risk
Production Risk	Low-medium	Institutional Risk	High
Risk of Equipment	Low	Human and Personal Risk	Low
Marketing Risk	High		

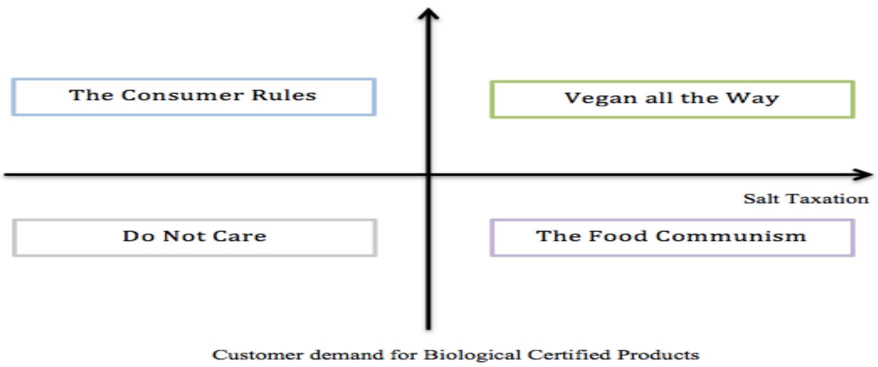
Table 4 – Production risks

5. The Portuguese Market

Strategic Scenarios

Two independent critical uncertainties were decided as the axis for the Portuguese market. The first is salt taxation, and it is concerning the introduction of a salt tax, similar to the one applied in Hungary, where the government is paternalistic and tries to reduce salt consumption of the overall population in order to reduce health problems, namely heart diseases. The second one is the customer demand for Biological Certified Products, where the customer avoids in-vitro food and non-organic suppliers. This way, 4 scenarios were created. The *Consumer Rules* scenario represents a consumer worried about the food's cultivation method and a government that is not trying to change the consumer lifestyle. The *Do not care* scenario is where the consumer is indifferent whether their food is organic or not and the government is not taking measures concerning salt consumption. In the *Food Communist* scenario, consumers are still indifferent about the products' cultivation, but the government applies a salt taxation. Finally, *Vegan all the Way* is the most feasible scenario, where it combines the consumer concerns with the government paternalistic approach. Its early warning signs are the introduction of a *Fat Tax* (not only including the sugary beverages, but the whole Fast Food Industry)[4] and a 40% increase in the number of Biological markets, since this year there was an increase of about 20% to 30% in organic farmers' sales (Exame 2016). In this scenario, SG must establish long-term relationships with the retailers, distributors and restaurants (*B2B*) and create brand awareness among the overall population, especially among vegan and vegetarian consumers (*B2C*), since it is necessary that the consumers know and demand the product that the retailers offer – the food industry is consumer-focused (Marketing-Schools.org 2016).

[4] The new Portuguese "Fat Tax" is only regarding sugary beverages



Graph 1 – Translating strategy into action

Portuguese Competitors (Appendix 3)

Biological Producers

Canal do Peixe: Created in 2007, by 7 friends and with an investment of €50000. Their Salicornia products are: fresh Salicornia, canned Salicornia and Salicornia in powder. They also use Salicornia as a pickles ingredient. The last two products are transformed by a partner (vertical collaboration). Another example of vertical collaboration is their partnership with Universidade de Aveiro that tests their products. It also has several companies, such as, Ilha dos Puxadoiros, Casa da Ria and Sal do Sol, with different business branches: tourism, oysters, salt and glasswort. With 10 full-time employees, 6 of them with higher education, they have a biological and self-sustainable production area of 25 hectares. In 2014, they won Intermarché National Production Prize. The products are sold through their own website, Aveiro's selling Point (Casa da Ria) and Sabores Silvestres, which is their national distributor that sells 200 grams of canned Salicornia and 70 grams of Salicornia in powder. Its products are also sold in gourmet stores. They are present in Lisbon and Setubal through their commercial branch, Sonho Ímpar, and in Oporto, through Loja do Rio e da Ria. This company has two certifications: HACCP and ISO9000, and a biological production certification is expected. Furthermore, this competitor is selling seeds (Ilha dos Puxadoiros 2015).

Non-biological Producers

Jacob Harthoorn & Magna Cardoso: Jacob Harthoorn and Magna Cardoso are an entrepreneur couple that operates in Alcochete. With 9 years of experience working with Salicornia and being Jacob from Netherlands, this company has strong business relations with Dutch distributors. They produce around 700 Kg to 1 ton of Salicornia per week, being 97% of them exported to France, Netherlands, Belgium and Germany. In Portugal, they only operate through a distributor in Lisbon and Algarve, not being present in national supermarkets. They have 2 greenhouses, with almost a hectare of area. In addition, they are also planning to produce sea lavender, which is also edible.

They do not have a website nor a Social Network page that advertises their products or that enables direct purchases (it is a *B2B* company, with no direct relation with the final consumer) (Alcochete 2014).

RiaFresh, Algarve: It is a company located in Parque Natural da Ria Formosa in Algarve that produces salty vegetables (halophytes). The production process is sustainable and environment-friendly. The company comprises 3 people with higher education in Agro economy. Its portfolio includes several salty vegetables such as: Salicornia, Valverde da Praia, Rossio and Sarcocornia. It has a website where all the products are described and some recommendations regarding its use are made. This is a *B2B* company and these products can be found in the SuperCor and Apolónia supermarkets as well as in some restaurants, such as Belcanto José Avillez, Vila Joya and Ocean – The art of dining (Ria Fresh 2016).

Casa do Sal, Figueira da Foz, Coimbra: It is located in Figueira da Foz, Coimbra. This is a project that aims to revitalize the salt-marshes in Figueira da Foz. Casa do Sal has a diverse portfolio, including salt products, such as spicy salt for grills, grills salt, salads salt and salt with Penacova plants. This company also sells olives with salt and sheep and goat cheese.

These products can be ordered by email and paid by PayPal or bank transference. They are also available in some physical stores across the country and 1 in Bremen, Germany (Zaubernuss-Welt store). In Lisbon, these products are sold in a store called Portugal Rural. They can also be bought in 1 of the following online stores: Gourmet at home; Centro Vegetariano; Iguarias Soberbas, Bazar Kawa & Herbata (Casa do Sal 2016).

University of Trás-os-Montes e Alto Douro (UTAD): Marisa Ribeirinho, a bachelor student in Genetics and Biotechnology in UTAD, developed a technique that allows the production of Salicornia "in-vitro". This innovative process fights the seasonality of this vegetable, since it takes place in a controlled and contamination-free environment, giving her a commercial advantage over the biological producers as she can produce outside salty environments and sell the fresh vegetable all year around (Cristino 2014).

Indirect Competitors

All products that can substitute the use of Salicornia were considered indirect competitors. Firstly, focusing on Salicornia in powder, the main indirect competitor is salt. In addition, there are multiple salt variations such as coarse salt, fine salt, salt flower, salt with herbs, pink salt and salt petals. In Portugal, there are salt producers and some of them are also direct competitors, such as Casa do Sal, since they produce Salicornia and salt at the same time. Some salt producers in Portugal are Sopursal; Salinas Corredor do Sol in Figueira da Foz and Salexpor. Other indirect competitors can be spices and aromatic herbs, such as parsley and oregano, since they are destined to temper food.

Considering fresh Salicornia, the indirect competitors are producers of fresh vegetables that are rich in calcium, iron, iodine, vitamins A, B and C - the nutrients present in Salicornia.

6. The International Strategy

Since the Salicornia market in Portugal is small with some already pre-established competitors, the internationalization decision came with the need of following the demand. SG needs to gain first-mover advantage in foreign biological markets, since one of its biggest Portuguese competitor (the couple from Alcochete) cannot reach those, once its production is not organic. Thus, with the certification of biological production, SG can export to countries, such as Germany, that this competitor is already in, since it will not directly compete with it (different distribution channels). Moreover, SG will do a geographic concentration, meaning that it will concentrate its resources to internationalize to a specific country each time, since it does not have the financial availability to disperse resources.

Exporting is the best mode of trading internationally, since it will enable the company to focus on their core competency: the biological production[5] of Salicornia. Furthermore, the location within the EU will allow an increase of the potential market and a diversification of risk, since it will sell in different countries. Also, exporting will increase profitability, once companies are often able to sell their products for a higher price abroad than at home (John Daniels 2015).

Focusing on SG's product exportation, countries, such as Spain, France and Germany were considered, because there is free trade of goods, services, capital and people as well as a common currency and a common external tariff among countries. Furthermore, the EU is the largest and most successful regional trade group (John Daniels 2015).

Germany is the largest European market for organic foods, with 33% of the overall EU organic market. France and the UK followed with 10% each (IFOAM EU 2016). Thus, these countries were considered due the opportunities to expand SG's sales. Then, Spain was analysed especially due to its geographical proximity. Also, it presented a percentage of 4% in

[5] Márcia has expressed the desire of only focusing on production

EU organic market (IFOAM EU 2016).

Outside the common currency countries, the UK and Hungary were analyzed. Even though Hungary is not present in the report Organic Europe 2016 (IFOAM EU 2016) about the biggest EU organic markets, it created a salt taxation that can represent an opportunity to launch a foreign operation in an untapped market (World Health Organization 2015).

With regards to the UK, it has high levels of political and economic uncertainty (The Global Economy 2016). Thus, it would be the riskiest country to export to (among the analysed countries), since on the 23rd of June, the British citizens voted to leave the EU, in a referendum, and until the summer of 2019 (BBC News 2016), the UK will leave the Regional Integration agreement. This creates some uncertainties regarding the type of agreements about trade, people and tariffs that increase the operational risk. Thus, the referendum increased the UK's administrative and economic distance from Portugal. Hence, this internationalization option was rejected.

Countries' Analysis

Although the Market Penetration GRID (John Daniels 2015) only includes specific variables that comparatively rank the countries under analysis, it helps to understand which variables have relevant influence on the business and to which countries SG should export to. In addition, the legal size of a foreign country investment and the legal policies about full ownership are not important, since SG will only deal with exports.

The market returns will be measured by its size and potential.

Focusing on risk, exchange problems merely represent a risk outside the Eurozone. Thus, they are only applicable to the possibility of exporting to Hungary, which is still uncertain about the introduction of the Euro currency. The other risk variables are also important, since SG is now starting the business and it cannot afford to make a risky investment. In the short-term, SG needs to consider low risk in order to guarantee returns. Thus, business laws and transparency are crucial in order to ensure consistent laws that are applicable to both national and foreigners. After excluding the UK, Hungary was the next country to be excluded, because, even though, the Hungarian economy has been improving since the EU bailout in 2008, its organic market only represents 1% of the overall food market (IFOAM EU 2016).

Focusing now on France, the political stability is considered to be "very low", since it ranked 24th out of 28 countries in the 2014's Global Economy Ranking within the EU (The Heritage Foundation 2016). Moreover, even though, the organic market is 4.5% of the overall market, it already has a high number of competitors, which will undermine SG's ability to have relevant profit margins (IFOAM EU 2016). The same situation happens in Spain, since it is a big European economy that lacks political stability. In addition, despite the fact that the organic Spanish market is predicted to grow 12% yearly until 2010, only 1% of the food consumed in Spain is organic and Spain is the Europe's leading producer of organic products, being able to satisfy this increase in demand for organic products (Everis 2012).

Finally, Germany was the country that had the highest score in this Market Penetration GRID, being the chosen country to export to. In this country, there are well-established organic-only markets that will enable SG to have a better distribution channel approach, only reaching the biological markets that will allow it to avoid direct competition with non-biological producers that have lower production constraints (assuming that they can produce all year around).

Variable	Weight	Portugal	France	Germany	Hungary	Spain
1. Return (Higher Number = Preferred Rating)						
a) PIB per Capita	0-4	1	3	4	1	2
b) Market size, present	0-5	2	4	5	1	3
c) Market share; immediate potential, 0-2 years	0-3	1	1	3	1	2
Total	12	4	8	12	3	7
2. Costs (Lower number= preferred rating)						
a) Exchange Problems	0-2	0	0	0	2	0
b) Political unrest potential	0-5	3	5	2	4	5
c) Business laws, present	0-5	3	3	2	5	4
Total	12	6	8	4	11	9
Final Results:		-2	0	8	-8	-2

Table 5 – Market Penetration GRID *Data retrieved from World Bank* (World Bank 2015)

PESTLE Analysis - Germany

Political: Germany is a democratic country, where the Social-Democratic Party and the Christian Democratic Union lead the political system since 1949. The political stability index is considered to be stable. However, this country is ranked 37th on the world ranking of this index, with a score of 0.93, which represents a relevant decrease from 2002, with 1.02. Nevertheless, the population perceives the German government as having high effectiveness, being Germany in the 12th position on this index about quality of public services (from 1.52 in 2013 to 1.73 in 2014) (World Bank 2016).

Economic: Considering economic growth, Germany decreased from 3.66 in 2011 to almost zero in 2013 (Trading Economics 2016). Nonetheless, in 2014, it increased to 1.6 points in this index, staying in the 133th position on the world ranking. However, it remains as the most important economy in the EU and, last year, its GDP per capita was 37156€ (increasing trend)

(World Bank 2015). In addition, private consumption keeps increasing and the unemployment rate registered its lowest point in August. Nevertheless, the construction and exports have decreased.

For Financial analysis' purposes, the salt V.A.T. is 7% (FocusEconomics 2016).

Social: In order to better analyse the German society, a Hofstede Model was performed. This model was developed by Professor Geert Hofstede. Although the model has some limitations, such as being created only with IBM data, it contributes to a better understanding of how culture and values translate into behaviour patterns. Thus, according to this model, German people are driven by the idea of success and achievement, being performance highly valued. They tend to have a pragmatic orientation towards life. However, they tend to be pessimistic and avoid uncertainty. Finally, they believe in being upfront, in order to give others the opportunity to learn and improve (Geert Hofstede 2016) (Appendix 4).

Technological: According to EurActiv Network (EurActiv Network 2015), the technological innovation is relatively high on Germany and it impacts their businesses and strategies. The German innovation is mainly focused on machinery and production of iron, steel and coal, having a production rate of 6.7% growth per annum. The industry of vehicles changed worldwide due to the high levels of performance of the German enginery.

Legal: Since 2002, there is a governmental plan in order to improve the conditions of sustainable farming. In 2013, about €17 million were made available to research (IFOAM EU 2016). In addition, there are EU subsidies for agro-environmental programs in order to create an incentive for the production of organic foods. With regards to the protection of proprietary rights (Economy 2016), Germany ranks 90 out of 100 points index, being the 10th country on the world ranking. It also ranks high on rule of law and transparency, which can be attractive to foreign companies, since they are less likely to incur in operational risks, as there is law consistency and protection of their rights.

Environmental: According to the Organic Europe Report (IFOAM EU 2016), the turnover of organic foods products has increased from €1.5 billion in 1997 to €7 billion in 2012 (excluding restaurants and catering). It now accounts for 3.7% of the food market. The organic market mostly sells potatoes and baked goods through general markets (50%), but 31.4% of organic food is sold through organic retailers.

Germany is the largest organic market, and one of the largest producers in Europe. One of the biggest challenges for German producers is to keep up with the increasing demand for organic food, since most of it is imported.

Relations between Germany and Portugal

Political relations between these countries are trustful and characterized by frequent mutual visits and broad agreements on issues relating to foreign and security policy (German Federal Foreign Office 2016). In fact, concerning economic relations, Germany is the second largest trading partner of Portugal, with 13% of Portuguese imports and exports (Almeida 2016). Nevertheless, the language can be a barrier, since the number of Portuguese who are learning German is still very low.

Direct Competitors

Send-a-fish – E-commerce within Germany (Send-a-fish 2016)**:** This company sells fresh Salicornia imported from Holland. It is organic and as stated in the website, "individually picked out". It is sold at €5.99 for 150 grams (€39.93/kg). This company guarantees delivery of the product up to 1 day after the purchase. Its transportation is done through cold isolation. However, they charge shipping costs according to the day that the purchase is done. Thus, the shipping costs range from €10.90 up to €16.90. This company was created in 1959 and its focus is on quality, service and freshness of the products. Moreover, gastronomy plays an important part in the company, and in every product description, there are recipes and advices on how to cook the product.

Dr. Pandalis – E-commerce within Germany (Pandalis 2016)**:** In this website, Salicornia is sold as a food supplement, implying its use only for medical purposes. It has the recommended daily dosage as well as an explanation about the health benefits of Salicornia. This is a powder version and it costs €14.83 for 35 grams (€427.4/kg).

Small foreign companies in Alibaba Germany and Amazon.de: There are some foreign producers, such as *Snow River* from Austria, that advertise their product in these websites. However, at the time[6], the product was not available for purchase.

Indirect Competitors

Salt: According to Pfeiffer (Pfeiffer 2007), Germany is one of the largest importers of salt. Within 5 years, the growth in salt for human consumption led to an increase of 30% in imports. In addition, the price of raw salt has been decreasing over the past years, mostly due to market saturation. However, by addressing the "wellness" concerns of consumers, there is a market for the different types of salt that advocate that they are healthier than regular salt. One of the "winning" arguments is that 75% of German men and 70% of German women ingest more than the 6 grams of salt recommended per day (Johner SA 2015).

Considering the prices, it is clear that salt is perceived as a commodity. Brands such as, *K Class*, *Chante Sel* and *Alpenlander* are selling salt at €0.38/kg. Even, regarding the herb salt, *Bad Reichenhaller*, it is priced from €12.9 to €14.3/kg. The most expensive salt is *Billa, Corso Fleur de Sel*, €29.92/kg, which is sea salt.

7. Portuguese Marketing Strategy

Segmentation and Targeting

Even though SG is essentially *B2B*, it was considered important the development of a marketing strategy at *B2B* and *B2C* levels. Since this is the company's operational launch and

[6] 26th of November, 2016

the final consumers' level of awareness is low regarding Salicornia in Portugal, a *B2C* marketing strategy will increase the brand and product awareness. Considering that Salicornia in powder has an expiration date up to 6 months, a pushing strategy should be put into practice, in order to increase the final consumer demand. In a posterior phase, SG should adopt a hybrid system, integrating also a pull strategy, in order to satisfy the demand needs of its customers.

Segmentation and Targeting - *B2B* (Appendixes 5 and 6): An effective market segmentation leads to more homogeneous sub-groups, where members of one group should react in the same way to marketing stimuli and differently than members of other segments (Kevin Keller 2012). Furthermore, according to Michael Hutt, the segmentation process in *B2B* begins at the macro level, macro segmentation, which focuses on characteristics of buying organizations, product application and purchasing situation, and if it is not enough to develop an effective marketing strategy, it will be completed with a micro segmentation (Hutt e Speh 2012). Once the firm has identified its market-segment opportunities, it must decide how many and which ones to target (Kotler e Keller 2012).

Geographic Location: On a first phase, at national level, SG should focus in Lisbon's metropolitan area due to the proximity to the company's location and the absence of competitors that produce biological Salicornia in the area. This would make the distribution service easier and faster. Also, taking into consideration the high price of Salicornia[7], this metropolitan area was chosen, since the final consumers have a higher purchasing power, 125.1%, when compared with the rest of the country (Pordata 2016).

Firmographic (Type of company): The types of companies targeted are restaurants and retailers. Regarding restaurants, the focus is on the ones that have preference for high quality biological products and want to offer healthier and innovative meals. Thus, the target is

[7] Salicornia in powder is sold at €85.71/Kg in Canal do Peixe

vegetarian, vegan, fine dining and seafood restaurants. The latter was chosen since Salicornia is commonly used in fish and seafood dishes. Considering retailers, since SG aims to sell an organic high quality product, which has a high market price (premium price)[8], it is focusing on gourmet stores, bio markets as well as bio/natural stores. Bio markets and stores located in Lisbon are part of the target, since they only sell biological products and their customers are people who are highly concerned with their own health and value quality and health benefits more than price (Rito 2014). The natural and gourmet stores were chosen, since customers value more the quality and benefits of the products than their price. In addition, during the months of October and November, samples were delivered in this type of stores, and some of them were interested in the product.

Finally, since Portuguese citizens, even the ones that buy organic products, do the vast majority of their food purchases on hyper and supermarkets, SG will target supermarkets that have a biologic aisle (Cristina Marreiros 2010). Nevertheless, it is important to take into consideration that due to the small size of the production area, this target may not be feasible, in some situations, since SG may not meet the quantities required.

Purchasing Situation: Regarding the purchasing situation, since SG is recent, cases of new task and modified-rebuy are the ones considered. The new task comprises the customers that have never bought Salicornia before and the modified-rebuy includes the ones who have already bought Salicornia, but from another producer.

Purchasing Behaviour: Once SG has production constraints, small and medium orders are preferred, since selling the vast majority of its production to a single customer would create an extreme dependency and a reduction of its bargaining power.

[8] Online Survey – Portuguese Consumer Behavior distributed during October 2016

Benefit Sought: The benefits sought by these targeted segments are based on quality, innovation and differentiation.

Segmentation & Targeting - ***B2C***: As mentioned above, it was considered important to develop a marketing strategy at *B2C* level, since the final consumer must be aware of the product in order to buy it, guaranteeing this way, the success of the whole value chain. From the online survey[9], it was concluded that 70.59% of people in the sample (n=136) did not know what Salicornia was, and from the ones that already knew (40), only 12 people were aware of its health benefits and nutritional value besides the fact that it can substitute salt. Also, people do not know how to cook with Salicornia and that can be a reason why people do not buy the product. When compared with salt price, this sample tends to value Salicornia in the same way, the willingness-to-pay is in the same price range. The most popular range is from €0.50 to €1 for 0.01Kg Salicornia in powder (44% of the sample). The second most popular range is between €1 and €3 for this product, with 30% of the answers. Thus, taking this into consideration, one can tell that there is a need to educate consumers (Appendixes 8 and 9). Thus, in the *B2C* food market segmentation, it is important to take into consideration demographics, psychographic and behavioural characteristics (Cristina Marreiros 2010).

Age (from 21 to 65 years old): Millennials[10], who are fond of organic food, are a targeted segment, since they usually take into consideration not only the quality of the product and health benefits, but also environmental issues (Rito 2014). Nevertheless, former generations, such as Generation X[11] and Baby Boomers[12], are also targeted, since they have also health concerns and the expenditure on organic products increases with age (with exception from people older than 65 years old) (Cristina Marreiros 2010).

---

[10] Millennials: Born from 1977 to 1995 (The Center for Generational Kinetics 2016)

[11] Generation X: Born from 1965 to 1976 (The Center for Generational Kinetics 2016)

[12] Baby Boomers: Born from1946 to 1964 (The Center for Generational Kinetics 2016)

Gender (Female): Despite the fact that, in the survey conducted online, the percentage of men is low (22.79%), 32.35% of total sample is not responsible for the preparation of their own meals, being the "mother", the most frequent person with this responsibility (70.45% of the responses from the people that is not responsible for their meals) (Appendix 8). In addition, Olivas and Bernabéu suggested that women are more focused on following a healthy diet and are more proactive when it comes to organic products' consumption, whereas men tend to be more predisposed by social circumstances (R. Olivas 2012). Hence, SG should focus more in women.

Income level (Mainly Medium – High): As expected, the amount of expenditure in organic products increases with the income level. Nevertheless, since the consumption of organic products and the willingness-to-pay are not directly related with income level, individuals with inferior income levels should not be completely neglected (Cristina Marreiros 2010).

Lifestyle & Buying Behaviour (Healthy lifestyle; purchasing in hypermarkets, bio markets and gourmet and online stores): Organic consumers usually value more health benefits and quality than price (Rito 2014). Frequently, these people want to pursue a healthy lifestyle, doing exercise frequently and eating "healthy" food at home as well as in restaurants. Regarding the buying behaviour, in Lisbon, the vast majority of people buy food from hypermarkets, even the ones that are frequent organic food buyers (Cristina Marreiros 2010). Taking this into consideration, the target is people that have a healthy lifestyle and buy organic food products, from bio markets, natural stores, online and gourmet stores, and hyper and supermarkets.

Positioning (Appendix 10): After selecting the targeting, it is necessary to define the product and brand positions as well as the value prepositions. Product positioning is the way a product is defined by consumers on important attributes, together with the place that the product occupies in consumers' minds relative to competing products (Philip Kotler 2017). The same definition can also be applied to brands. Due to the fact that SG is in its initial phase, the product and brand positioning are very important, since they will be the first impression for customers.

In order to define the SG positioning, the first step is to analyse competitors (see Portuguese Competitors) and assess the differences between SG and them.

Geographically, the nearest competitor is Jacob Harthoorn & Magna Cardoso. However, it only sells 3% of its production in Portugal (Alcochete 2014). Considering only the biological producers, Canal do Peixe is the only one Portuguese producer of Salicornia that is awaiting biological certification. Nevertheless, it sells its production mainly in the North and Centre of Portugal, having only 2 physical stores selling its products in Lisbon. Thus, taking this information into consideration, SG is Lisbon's closest biological producer of Salicornia.

Points-of-Difference: When comparing with competitors, one point-of-difference is the fact that SG is the closest one to Lisbon that produces organic Salicornia. Also, the partnerships between universities and the *USA Embassy* through the program *C2S* can leverage future business relations in Lisbon.

Positioning Statements – *B2B*

Thus, bearing this in mind, to Vegan, Vegetarian, Seafood and Fine dining **restaurants** located in Lisbon, SG is *the geographically closest supplier that offers an innovative and organic salty dried vegetable that flavours and enriches meals, promoting health, since it is a superfood and an alternative to salt consumption*.

Following the same line, **to bio markets, supermarkets with biological aisle, gourmet and bio/natural stores located in Lisbon,** *SG is the geographically closest supplier that offers a* *high quality and organic product, which has a high nutritional value, increasing the assortment regarding healthy salt alternatives*.

Positioning Statement – *B2C*

Regarding the final consumers, it is important that SG positions itself as an innovative, environmentally sustainable and healthy brand, in order to attract the target. The recent news and documentaries about the climate changing and its severe consequences for the planet and ultimately for the Human species raised environmental concerns, especially among Millennials and Generation X, being important that SG positions itself as a "green" company (Monroe 2016). The fact that SG uses salt-marshes, which are inappropriate to traditional agriculture, to produce a super food that has health benefits, is a characteristic that highlights SG's environmental concerns.

Bearing this in mind, to the targeted **final consumers** *SG offers a biologic and healthy dried vegetable, that enriches and flavours meals, since it has a salty flavour as well as calcium, iron, iodine and vitamins A, B and C, being a healthy and "green" alternative to salt consumption, since it is produced through bio saline agriculture, which is an environmentally sustainable production method.*

Marketing Mix:

Product: Despite the capability to produce fresh and Salicornia in powder, due to production area restrictions and unit margins, it is more profitable to focus only in Salicornia in powder (see Financial Analysis). The Salicornia in powder production process comprises Salicornia's tips collection, dehydration in the drier machine for almost a week and after that, there is the grinder process in the mill, where Salicornia is transformed in powder. After these steps the product is packed in glass packages. These packages have a capacity of 0.07 Kg and a label with the SG and biological certification logos on it. This type of packages is especially made for retailers such as supermarkets, bio markets and bio/natural and gourmet stores. These packages have into consideration the characteristics of the Portuguese competitors' package (Appendix 11). Nevertheless, the product will also be packed in 1kg plastic bags, since the vast majority of the inquired restaurants prefers bigger quantities (Appendix 7).

Promotion (Appendix 12): SG will be in charge of the promotion to its *B2B* clients, using a direct channel. The first step regarding the channel management is to structure the channel in order to optimize the performance of all tasks (Hutt e Speh 2012). Nevertheless, in order to reduce the number of intermediaries, and increase its margins, SG should have direct contact with its *B2B* clients, not using distributors (Direct Channel Strategy). Following this strategy, SG will be entirely responsible for the promotion of its products and price negotiations. To do so, the company will use a sales person and have a digital presence. On the initial phase, since the brand is new, there is no product awareness and SG does not have a customers' portfolio yet, the promotion will be mainly held by a sales person. Márcia, who has a deep knowledge of the product, will perform this task. Márcia will go in-person to restaurants, gourmet and bio/natural stores as well as super and bio markets in order to show the product, explain its properties, advantages and the proper way to use it as well as to deliver samples. In addition, Márcia will ask potential customers to try out the samples and visit the website as well as the Facebook page, Instagram account and Blog in order to have more information about the product, brand, and production process and have access to recipes with Salicornia. Thus, they will have a better experience when testing the product. This task will be mainly performed from December to February, since it is a calm production period. It is also recommended the presence of the sales person at organic fairs. Plus, after the first order, the sales person will call the *B2B* customer, inquiring about its satisfaction with the product and encouraging the customer to place next orders through the website or by phone call, since from time to time, SG will ask for customer's feedback.

Vis-à-vis the brand's digital presence, as mentioned above, SG will have a website, a Facebook page, a Blog as well as an Instagram and Pinterest accounts (Appendix 13). The main objective of the Facebook page, the Blog and Instagram & Pinterest accounts is to mainly promote the brand and the products among final consumers, but also among *B2B* potential customers, since they can visit SG social media before or after a sales meeting. In addition, SG social media can transfer users to SG website. On the website, users can see the products and brand information and make orders, paying through PayPal or ATM reference. There will be a page for *B2B* clients, where they can place an order by sending a message to SG, and another page to final consumers, where there will be specific prices for them. Final consumers can order directly from the website. The Instagram account will contain original photos of Salicornia and elegant dishes with it. Hashtags such as #SalinaGreens or #SalicorniaSG will be created and used by the company and consumers in contests, creating brand awareness. Since it is a new brand, the expected number of followers is 300, in 2017. The Blog will contain creative recipes with Salicornia, from simple dishes as salads to gourmet plates and detox beverages and it will describe some customers' experiences with the products. This will also promote interaction with visitors and other relevant Blogs. Hence, the goal is to reach 400 visitors in 2017. The Facebook page will be a way for SG to interact with final consumers, replying consumers' comments and sharing the Blog content and curiosities. The objective is to reach 1500 likes in 2017 and 3000 by the end of 2019, surpassing Casa do Sal and Ilha dos Puxadoiros[13]. Finally, in Pinterest, SG could publish recipes and "pin" other recipes or articles related with Salicornia, keeping up with the latest trends in the field. At last, SEO will be used in order to increase the SG's presence on researches for biological Salicornia and salt alternatives. This will be done by Clinica do Site, through the Bronze package (Clinica do Site 2016).

[13] Ilha dos Puxadoiros, part of Canal do Peixe, has 2758 likes in its FB page (5th of December, 2016); Casa do Sal FB page has 2900 likes (5th of December, 2016)

Pricing (Appendix 14): Since SG produces biological Salicornia and has a lower producing capacity when compared with its competitors, the pricing for final consumers was settled taking into consideration the one charged by SG's main competitor, Canal do Peixe. This action also aims to preserve the product's market value. So, the price charged on the website will be €6 for each 0.07 Kg box, V.A.T. included. This price does not include delivery costs and gives a profit margin to SG of 57% in 2017, 74% in 2018, 81% in 2019 and 83% after that[14]. The price defined for retail was €3.55/box, taking also into consideration the Canal do Peixe's price for 0.07 Kg boxes of Salicornia in powder and giving a margin of 37% to retailers. This margin can be decomposed into 2, since 35% is the usual margin in this industry (FAO 2016) and the 2% is a negotiation gap, since the distribution costs are not included in the price. Thus, SG is not directly incurring in delivery costs, being the delivery option discussed with *B2B* clients. Finally, the price for restaurants was defined taking into consideration the WTP and comments of the inquired restaurants that were interested in buying the product (Appendix 7) as well as taking into consideration the unit cost of 1 kg of Salicornia. The WTP's average for 1 kg of Salicornia was about €76.67/Kg. Nevertheless, some inquired restaurants were not interested due to its high market price. Taking this into consideration, €70/Kg was the chosen price, since it not includes transportation costs and gives a considerable profit margin to SG (56% in 2017, 75% in 2018, 84% in 2019 and 86% after that) [14].

Place: SG will not have a physical store, being orders placed through the website or by phone. Nevertheless, for final consumers, the products will be available on SG website as well as in some supermarkets markets with biological aisle, gourmet and bio/natural stores and bio markets located in Lisbon.

[14] These margins were calculated taking into account the realistic financial scenario

8. German Marketing Strategy

Segmentation and Targeting – *B2B* (Appendix 15)

According to the GAIN Report (USDA Foreign Agricultural Service 2015), Germany is highly dependent on imports to meet its demand. The purchase of organic foods more than tripled since 2000, and German producers cannot keep up with the pace. Thus, it is possible to conclude that SG does not need to educate the consumers in order to pressure the distributors to have their product. This way, SG can be focused on the *B2B* sector. In order to create a useful segmentation, 4 variables were considered. After examining the market attractiveness of each group segment, it was selected the segment that entails more profitability to SG (Gupta 2014).

Geographic Location (Appendix 16): German national coverage would be important to establish first-mover advantage (in selling Salicornia in well-established organic retailers). Nevertheless, it would require high quantities of Salicornia and the company only produces 4500 kilos at maximum production area. Thus, SG should only focus on biological retailers on major cities such as, Berlin that have more shopping center density and population with a considerable purchasing power. Moreover, according to one interviewee (Appendix 17)[15], "Berlin does not have the highest purchasing power in Germany, but it is where the most innovative concepts are welcomed". The focus on Berlin is also proven to be right by the number of organic retailers: 34 stores, only counting with BioCompany and Alnatura retailers. In addition, according to Statista (Statista 2015), Berlin has a considerable purchasing power (€16500) with high shopping center density, 0.4 (Regio Data 2012). Thus, in order to maximize profits, SG should focus on serving this city. Due to production constraints, the product needs to be allocated where there are customers who value SG's products and can afford them.

[15] According to a survey done at NOVA SBE, with 30 German people, 15 women and 15 men that was conducted between November and December of 2016

Firmographic (Type of Company): SG should focus on biological retailers, since it can avoid direct competition with non-biological products that are less expensive and also represent a salt reduction and health benefits. However, one can discuss the lower profitability of organic foods. After computing the figures, it is possible to conclude that the organic spicery and sauces category, where salt is included, is worth about 0.09% of the overall German food retailing industry, which is equal to €170 million (Appendix 18). Thus, organic foods are profitable and by only targeting organic retailers, SG will attain higher profit margins, since (in comparison to customers in general retailers) their customers value more health benefits and the biological nature of Salicornia (Appendix 17). Finally, SG will not target wholesalers, since it will lower its profitability as they usually entail a markup of 15% (Gray 2012). In addition, one organic retailer addressed the possibility of SG establishing business connections with Weiling GmbH. However, it was not possible to reach-out to this wholesaler. Nevertheless, after analyzing the German food retailing industry, it was possible to conclude that most retailers are also wholesalers. From the communications done with Alnatura, they addressed to themselves as also a "trading company" and, BioCompany has as main shareholder the biggest Switzerland wholesaler, Schweiz AG (Bio Development Holding 2016).

Purchasing Behavior: Due to production constraints, it was mandatory to target relevant organic retailers within the German market that have a number of outlets that would enable SG to satisfy demand, without having stock-out. There are 5 main top organic retail companies: Denn's, Alnatura, Basic, BioCompany, and SuperBio Markt (USDA Foreign Agricultural Service 2015). Firstly, Denn's will be ruled-out, since it has national coverage and will demand a supply quantity that SG cannot offer. Alnatura has 80 outlets and its financial result was about €512 million, in 2012. It is present in several regions of Germany, including Berlin. There is another organic retailer that can be profitable to have business with, BioCompany, since it mainly focus its business in Berlin and has a lower number of outlets where it operates in (33). Thus, consequently, it will demand lower product quantities. Finally, Basic and SuperBio Markt will not be targeted, since they are not located in the targeted cities and are not as well-established within the German market (in comparison with the previous 2 retailers), according to market power, number of outlets and revenues (USDA Foreign Agricultural Service 2015).

Benefits Sought: SG will offer an increase in the assortment, since none of the biological retailers has Salicornia for sale. The quality of the product will go hand-in-hand with the values of these retailers, since they value environmental sustainability and organic agriculture. As the food retailing industry is consumer-driven, organic retailers will ensure the highest profitability to SG, because, according to the circular aspect, customers that have their needs fulfilled through what the organic retailers offer, will self-select into their customer base (Gupta 2014). Thus, the customers who only value price and see salt as a commodity will shop elsewhere. This is enhanced by personal interviews with 30 German people, 15 women and 15 men, conducted between November and December of 2016. It was possible to conclude that one third buy salt every semester, half buy every trimester and one sixth only buy salt once a year (Appendix 17). Only 16.6% of the sample would pay a price higher than €1 for a healthier salt substitute (these interviewees were from Berlin). Overall, the rest of the interviewees were not frequent buyers at organic stores and they did not value the organic nature of the food, showing Passive or Detractor Behaviors. They viewed salt just as a commodity (insight from the price that they were willing to pay).

Points-of-Difference: The main points-of-difference are the fact that the product is organic and it is a salt substitute with health benefits. Even though these are only short-term competitive advantages, through partnerships (sustainable competitive advantage), SG will gain first-mover advantage on German organic retailers as a Portuguese company.

Positioning Statement: To the German organic retailers *that operate in Berlin and other German cities with high purchasing power population and shopping density, SG offers Salicornia (Queller) in powder, a green organic salt substitute that increases their product portfolio regarding healthy products, since it has iron, iodine and vitamins A, B and C.*

Positioning Map: SG's product is not for pharmaceutical consumption, like the "Jod Pulver" is. It is for daily consumption. Moreover, SG enjoys a biological certification, which "Billa Corso" does not have, despite being "100% natural". The least healthy product is the "Chante Sel", since it is a table salt (Appendix 19).

Marketing Mix

Product: The product will have a biological production certification, reducing the mistrust among consumers concerning the true origin of the product. Nevertheless, it will not have access to the BIO labeling that only German farmers have. Thus, SG should consider into applying to EU Bio label, where SG needs to contact the National Authority (the Economy Ministry) in order to start the legal proceedings (European Commission 2016). Although it implies registry and annual renewal costs, it can also give legitimacy to the product and SG can react to the National German Bio label. Moreover, it will address the final consumer's safety concerns (Marketing-Schools.org 2016), where he can conclude that while he is "ensuring the well-being of his family and the environment, caring about both" (Marketing-Schools.org 2016). The rationale is: "because preservatives and additives are potentially harmful, you should buy organic food" (Marketing-Schools.org 2016). It is important to reinforce that, it is a consumer-focused industry and that even though, SG will not have a direct contact with consumers, it needs to fulfill their needs in order to sell to retailers.

SG should sell the product through the private label of Alnatura or BioCompany, since they are already known for delivering high quality organic food. In fact, in 2014, in Germany, Alnatura was the most popular food brand, surpassing brands such as, Coca-Cola (Organic Wellness News 2015). Hence, the consumer can have "egocentric fulfillment", since by buying in these retailers, he can eat healthy through high quality products, with no shame about where he shops (Marketing-Schools.org 2016). Moreover, it will reduce the liability of foreignness and reduce the costs related to Brand Awareness that a new-comer such as, SG needs to incur in order to be one of the brands that consumers have in their consideration set, when they think about a salt substitute. However, Alnatura already declined the possibility of selling the product under its private label[16]. Thus, under SG brand, the name of Portugal should not be mentioned as part of the brand, since it will increase the liability of foreignness and country-of-origin. Plus, it will be necessary a glass package, since it will give a distinct appearance from all the others salt substitutes in the market that are mostly sold in a plastic package (Appendix 16). According to the Glass Packaging Institute (Glass Packaging Institute 2016), "glass is the trusted and proven packaging for health, taste and the environment". The package must be see-through and kept simple and the label must be green (consumer inference of nature and organic food) (Appendix 20). By differentiating the product through a holistic approach of the concept "product", it will enhance its premium quality.

Assuming packages of 0.035kg (benchmarking the weight of Dr. Pandalis offering), SG has 36000 packages to sell, in 2017. Through an informal conversation with an organic retailer employee[17], it was concluded that according to their internal policy, it is necessary a sample with 20 kilos. Furthermore, the size of the package is recommended to be bigger than the final one (the recommendation is to double the size: 0.07kg of product in each package), since it is mandatory to assess the customers' preferences and WTP. If the market "responds well", 100 kilos will be ordered, each trimester.

[16] According to the e-mail communication done with Alnatura
[17] Name of the organic retailer is not mention due to privacy issues

The retailers' order frequency will demand the FIFO[18] stock management system (Arline 2015), since the product has an expiration date up to 6 months. Thus, SG needs to deliver product in March, June, September and December. The last delivery will give less time for retailers to sell the product. So, after the first purchasing cycle, SG should renegotiate the order frequency in order to avoid negative externalities due to the expiration date.

Pricing (Appendix 21): From the market research, the price of Salicornia in powder, in Germany, to the final consumer, is €423.7/kg (see Direct Competitors). By removing the German V.A.T. of 7%, the price is €394.1/kg, and according to FAO (FAO 2016), retailers have a 35% margin for organic products. Thus, SG can charge up to €256/kg. The price is €200/kg, and it was settled according to conversations with Márcia. By applying the cost-plus strategy, SG will have a margin of 82% (in kilos)[19], in 2017, while the retailer ensures a margin of 35%. At this price, each package of 0.035kg of Salicornia in powder will cost the retailer €7 and the end consumer €10.11 (including retailer margin and V.A.T.). SG will follow a Skimming Price Strategy, since it has a premium product that will enable them to sell at a higher price than other salt substitute products present in organic retailers[20]. This way, it will prefer higher prices and a lower sales volume in order to capture the highest value.

Place: In Germany, SG's products will be present in the stores of retailers such as Alnatura and BioCompany. With regards to the imports and exports business, Sativa, the biological certification company, also takes into consideration the EU requirements. Thus, SG will not bear extra biological certification costs to sell the product in a foreign market like Germany, where they have tight biological certification requirements. Since it is Salicornia in powder, the transportation is less costly than in fresh, once it does not require cold isolation. In addition, any European transportation company can do this type of transportation. EuroSender

[18] *First-in-First-out*
[19] According to the Realistic Financial Scenario
[20] The product "Jod Pulver" requires a more pharmaceutical usage and it is not available in organic retailers

(EuroSender 2016) was the chosen transportation company, because of its price and door-to-door concept, where they will pick-up the product in Alcochete and deliver it at the German address, where the product will be placed in store shelves. Finally, SG will not have a physical office in Germany and the website page will guarantee a direct distribution channel to final consumers that want to purchase the product online (even though they are not the target, they can increase the company's revenues).

Promotion (Appendixes 22 - 24)

<u>Working closely with the *B2B* sector:</u> The strategic intent of the Marketing Communication Plan will focus on creating product awareness among German retailers that are located in Berlin and other German cities where the purchasing power of the population and shopping density are considered to be high. Thus, it is necessary to transmit the message that SG is a biological certified producer that supports the holistic approach to sustainable production, protecting the environment and creating a high quality and healthy salt substitute. In order to reach these retailers, SG will need to send emails to possible business partners. According to ProfitWorks (Profitworks 2016), 84% of the respondents to a *B2B* promotion survey used this method. Also, SG should become a member of an environmental producing organization, since 93% of the respondents of the same study used this tool, and be present at trade-fairs or health- and food-related events. Hence, it is possible to divide the strategy in 3: first, SG should approach these retailers through email, social networks, such as Facebook and Twitter, and corporate website. This was the approach used to contact the Alnatura Production Department and the BioCompany Purchasing Department in order to better understand what a possible business relation entails. The second approach is concerning the company's credibility, since retailers need to ensure the high quality of the products. The EU Bio certification will promote SG's products among other organic products in the EU online platforms, increasing product and brand awareness among potential EU business partners. It

will also reduce the final consumers' psychological risk and the retailers' perceived risk in carrying products that do not have the national farming certification. SG should prefer the EU Bio certification since it is more *EU specific* and it provides more promotion benefits when compared to Demeter, a worldwide organic certification that can be used as an alternative to the EU Bio certification. Finally, even though the geographical distance among Portugal and Germany, SG should be present at BioFach, from the 15th to the 17th of February 2017, Germany, since it is "the world's leading trade fair for organic food" (BioFach 2016), with 48533 trade visitors from 130 countries. Even though, BioFach 2017 is not accepting applications, SG's presence could be an opportunity to establish business relations within the German organic sector (enhancing SG's sustainable competitive advantage, of partnerships) and to develop a more deep understanding about the German organic market, improving business relations. Regarding the financial part, the Marketing expenses (€1044) were taken into consideration as well as, the EU Bio label certification and renewal costs (€1402.65 and €200, respectively) and the yearly traveling expenses of €2400. It is assumed that SG will attend the BioFach event every year, get into contact with at least 5 German companies within the organic food industry and do the follow-up contact with Alnatura and BioCompany. In the case of a negative response, it should be able to contact other German organic retailers, such as SuperBio Markt, without forgetting its production constraints.

9. Financial Analysis

In order to compute the business attractiveness, it was necessary to do a financial statement, P&L (Profit & Loss Statement) since it was considered the most useful. On this, costs that were not crucial for the daily operations, such as the Bimby machine, were excluded in order to avoid the distortion of the financial statement.

Considering the products, SG can produce Salicornia in two different formats: fresh and powder. Nevertheless, producing both would not be efficient. For instance, the CAPEX and the selling price for fresh Salicornia are lower than for Salicornia in powder. If SG produces both products, it is not taking advantage of the high-cost machines that were bought to produce powder. Thus, SG should either specialize in the fresh or powder version of Salicornia. Considering fresh Salicornia, each square meter of production equals to 4.5 kg of product, while 1 squared meter produces 0.45 kg of Salicornia in powder (Appendix 25).

Until 2019, the overall production area will grow, since in the first operating year, 2017, the production area is 2800 m^2, in 2018 is 5050 m^2 and in 2019, it will reach its maximum: 1 hectare. The first assumption comes from the fact that, until the third operational year, SG will have to purchase seeds to cover all the new production areas, reusing its own seeds after that. This way, SG will need to buy seeds from Semeberis at a cost of €1000 per kilo, excluding transportation costs. According to Semeberis, it will take about 1 gram of seeds per square. After 2019, as mentioned above, SG will not have costs with seeds, since the production area will remain the same (Appendix 26).

The fixed costs comprise the licenses that an organic production entails: water analysis, hydric usage permission and biological production certification. The soil preparation and electricity costs will increase according to the production area. The production stages include 8 months of work, where 2 workers, excluding the owner, are needed (from March until September and, then in November). The employees' wage costs include Márcia's labor expenses that are higher, since she will work all year around. The labor costs taxation is 23.75%[21]. In addition, the 2 workers as well as the owner are covered by work insurance. In the current year, 2016, the company will have a negative cash-flow, which is mainly due to the CAPEX, €71875.25 and €112932.65 (Specialization scenario in fresh and powder,

[21] TSU – Taxa Social Única

respectively). Here, there is a difference between producing fresh and powder, since in the latter; it is necessary a windmill and a dryer, which will increase costs. These costs will be depreciated according to a 10% rate, assuming that all the agricultural materials will be depreciated at the same rate. This rate was assumed, since, for example, a dryer has a depreciation rate of 12.5%, whereas an irrigation system has 3.(3)%. In addition, the depreciation rates will be accepted as long as they are considered to be reasonable, according to asset's expected usage period (Infocontab 2016). Thus, assuming a terminal value and that the company will last forever (Perpetuity Method), it will be necessary to invest in equipment again, in 2026. Furthermore, since, in 2026, the production area will be at its maximum, the terminal value will have no growth (Macabus 2016).

Exporting implies different costs, when compared with operating in Portugal, since the Marketing strategy will vary and some costs will change accordingly (Appendix 27).

IEFP[22] has an initiative that helps unemployed people to start their own business through microcredit. Márcia used this opportunity to ask for a loan of €23000, with a low interest rate and reimbursements only starting in 2018 (Appendix 28). It will be necessary 10 years until the loan is completely paid-off[23].

Even though IFAP[24] has agricultural insurance, none of the insurances have a category for this type of vegetable. Thus, this cost was disregarded.

Finally, it was assumed that the discount rate for agricultural companies is 28% (Eric Duquette 2012). The tax rate applied to micro-enterprises is 17% for the first €15000 in taxable income and 21% for the remaining (PwC 2016). There will be no taxation when the EBIT is negative. It is assumed that there is no inflation rate, since in Portugal and Germany,

[22] IEFP: Instituto do Emprego e Formação Profissional
[23] According to the information given by the CEO
[24] IFAP: Instituto de Financiamento da Agricultura e Pescas

the inflation rates are under 1% and it is predicted that these countries will continue with almost null inflation rates. Also, no growth rate is assumed, with the exception of the production area until 2019, and its effects on electricity and soil preparation costs.

Scenario Analysis

In order to better understand how vulnerable the NPV is to costs and prices uncertainties, 4 scenarios were created. In these, SG was either specialized in powder or in fresh, and it operates in Germany or in Portugal. The events, to produce powder and produce fresh Salicornia are mutually exclusive as well as the events of selling in Portugal and selling in Germany. These scenarios were created to conclude about which operations would maximize SG's profits (Appendix 29). Nevertheless, it was necessary to create other 3 scenarios in which there will be a match between SG's supply and market demand, since the assumption of selling all the production is too strong.

In the **Optimistic Scenario** (Appendixes 30 and 31), it is assumed that SG only operates in Germany, where there is a 15% growth rate of quantities sold to the German organic retailers (Appendix 30), since the organic retailing industry is expected to grow at this rate (United Nations University 2015). Nevertheless, the production limitations were respected. It is also assumed that there will be a sale of 30% of the overall powder production in 2017, since Alnatura will be interested in carrying SG's products in its 80 stores. It is also assumed that the individual German buyer [25] will buy the quantity that SG had left after knowing about the Alnatura deal. In the **Realistic Scenario** (Appendixes 32-34), SG operates in Portuguese and in German markets. It is assumed again a 15% growth rate in the German market and a growth rate of 20% in Portugal, regarding the quantities ordered by retailers and in the website (Exame 2016). It is also assumed that the number of customers supplied, in Portugal, increases over the years and with SG's production capacity. Nevertheless, it is assumed that

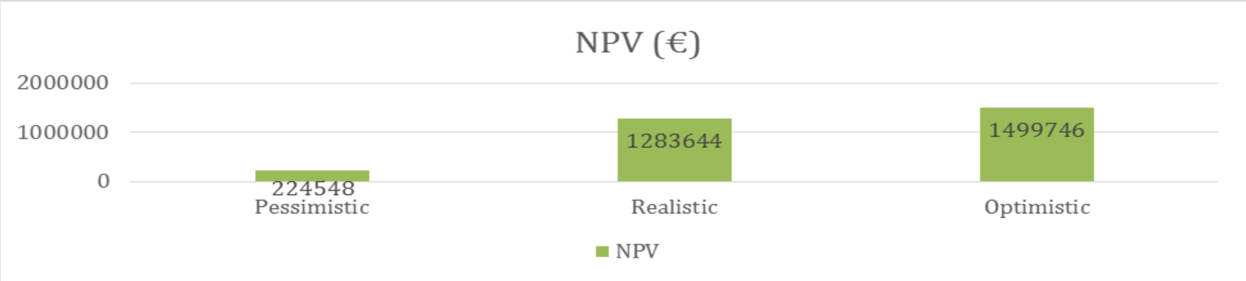
[25] Márcia is negotiating a deal – Prices have not been discussed yet

the quantity ordered by each restaurant remains the same over the years, since the quantity demanded by each restaurant is harder to forecast, once it does not only depend on the final consumer demand for Salicornia. Due to production constraints, SG only operates in the Portuguese Market until 2021. In 2022, SG will focus on the German market, since it is more profitable. Thus, from 2022 onwards, it will only sell to final consumers, *B2C*, through its website, if there are units that were not sold (since this only represents accrued revenues in the situation of SG failing sales forecast, it was not taken into consideration in the realistic scenario). Nevertheless, due to production constraints, SG would not be able to respond to the German's growth in demand (15%) after 2022. In the **Pessimistic Scenario** (Appendix 35), the operations only occur in Portugal. It is assumed that the market demand regarding retail and final consumers will be 15% until 2022 and 10% after it. The 15% rate was chosen, since it is below the 20% market growth rate that is predicted to happen (pessimistic scenario), and it is assumed that, over the years, the organic market will become more saturated and the demand will be satisfied, so this growth rate will decrease to 10%. Also, until 2022, the number of restaurants and the retail stores (considering the number of outlets of each retail chain present in Lisbon) supplied by SG will increase. Nevertheless, due to the production constraints, from 2023 onwards, SG will not be able to satisfy any demand growth.

In these 3 financial scenarios, the prices charged in the Portuguese and German markets were the ones previously established in Pricing (Marketing Mix), and in order to avoid stock-outs, SG will spare some units of its production.

According to Ana de Sá (Sá 2015), the probability of a Portuguese company having the propensity to export its products is 41.46%. Thus, the realistic scenario will have this probability. Since the first operational year is already beginning and Márcia still did not close the negotiations with the German individual buyer, the optimistic scenario will have a 20% probability, while the pessimistic scenario will have a 38.54% probability, since the exports to

Germany will benefit from the EU Bio Logo and this certification takes time (mainly due to bureaucracy and required soil and water analysis). Hence, the NPV will be €918688.8, according to the probability of each financial scenario: Pessimistic, Realistic and Optimistic.



Graph 2: NPV Analysis

10. Key Success Factors & Key Performance Indicators (Appendix 36)

1) Quality: Annual bureaucracy and required soil and water analyses are done in order to certify the biological production and maintain the high quality of Salicornia.

<u>Qualitative standard (Fail/Pass):</u> given by Sativa (the certification company).

2) Quantity produced: Due to the 1 hectare production limitation, SG has a high cost structure for each square meter of production (cost allocations), when comparing to competitors with larger production areas, enabling higher economies of scale.

<u>Quantitative standard (kg/m^2):</u> should at least guarantee 4.5kg/m^2 of fresh Salicornia to be profitable (in order to avoid increasing the production constraints that it already has).

3) Dependability of Customers: Even though SG has production constraints, it is important to establish strong business relations in order to reduce the customer switching behavior and bargaining power.

<u>Quantitative standard (#/order frequency):</u> number of meetings with the already customers (depending on the order frequency, it should be scheduled 1 meeting before a rebuy).

4) Biological Production Expertise: The end consumer may mistrust the product's origin. In order to reduce this, SG can use its website or the Facebook page to reduce uncertainty. Quantitative standard (#/month): SG should create at least 5 new posts each month, since it can increase information transparency about the organic production methods and Salicornia's applications.

5) Continuous Improvement: SG needs to ensure that it receives feedback about the number of sales and the consumers' and the retailer frontline employees' feedback, since this is a consumer-focused industry.

Quantitative standard (#/week): number of sales within a week – in order to ensure real-time communication regarding stock needs. This is especially important in the beginning, since the retailer will possibly start by holding a small product quantity.

11. Fund Strategy (Appendix 37)

Márcia already took advantage of the IEFP financing program that helps unemployed individuals to start their own company. The loan of €23000 is going to be paid within 10 years. This is a different type of loan, since through IEFP, individuals enjoy low interests rates and a period of 2 years, before starting the reimbursements. Nonetheless, it will be needed an extra €49240.25 for the fresh Salicornia production or an extra €90297.65 for the Salicornia in powder production, for the current year. Thus, according to the market opportunities and SG's financial situation, the Bootstrap strategy is the most suitable. Here, SG asks to relatives or friends for financial aid and Márcia should also ask for a delay in the suppliers' payment, until 2018 (see Financial Analysis). Márcia can also evaluate the possibility of having a business partner that offers financial and expertise support. Nevertheless, the last possibility will undermine the full freedom and Márcia's decision power in the business, which goes against the own concept of "starting her own business".

12. Final Recommendations

After the SG's challenges concerning the Business Planning, Marketing, Fund Development Strategy, Financial Analysis and Internationalization, it is suggested that SG focuses on exporting products to Germany. Also, it should focus on organic retailers, since it is where the final consumers, that value the organic foods' health benefits, do their shopping. Following this strategy, Márcia will be able to focus on the production instead of increasing efforts to educate the customer (in the case of the Portuguese market). However, in the German organic market, one challenge is raised, since consumers have concerns about the food's country-of-origin. Thus, even though the company has already changed its name from *SaltyGreens* to SG (to avoid brand inferences with a Dutch producer of Salicornia, as previously suggested), it should not be branded as SG Portugal when exporting, since it will increase the liability of foreignness. Furthermore, SG should invest in the EU Bio certification and have a different package, in glass, since it will increase the perceived premium quality of the product.

Considering the financial analysis, a scenario of powder specialization in production will increase SG's profitability. Additionally, the financial scenario where the sales are only done in Germany is the one with the highest NPV (Optimistic Scenario), mainly due to the price that SG can charge. Nevertheless, the financial analysis will always be undermined by the production constraints, since the organic foods market is growing and, in 2023, SG will not be able to face an increase in demand (15% in the German organic market, in the realistic scenario). Thus, SG should take advantage of Márcia's network in Alcochete and negotiate with other salt-marches owners (with the exception of Fundação das Salinas do Samouco, a non-profit organization, where that option is not feasible) that can be less reluctant to rent the area or accept royalties. It is crucial that SG follows the market growth not only to sustain market power but also to increase economies of scale that will enable higher profit margins.

13. Bibliography

Administrativa, Agência para a Modernização. *Portal do Cidadão.* 2016. http://www.portaldaempresa.pt/CVE/pt/EOL (accessed 2016).

Aduaneira, AT - Autoridade Tributária e. "IVA - Salicórnia." *Portal das Finanças.* 09 December 2016. http://info.portaldasfinancas.gov.pt/NR/rdonlyres/EC99AEA3-3AF6-4F95-8992-5FC44317117A/0/Oficio-Circulado_30185_2016.pdf (accessed 12 2016, December).

Alcochete, Câmara Municipal de. "In Alcochete 14." *Issuu.* 18 March 2014. https://issuu.com/gci_cma/docs/inalcochete14_c3e4b2898a09b1/23 (accessed December 5, 2016).

Almeida, Florbela. "Relações comerciais entre Portugal e Alemanha ." *Ministério da Economia.* 2016. www.gee.min-economia.pt/?cfl=38486 (accessed 2016).

AnsoffMatrix.com. *What is the Ansoff Matrix?* . 2013. http://www.ansoffmatrix.com/ (accessed September 30, 2016).

Arline, Katherine. *FIFO and LIFO.* 20 February 2015. http://www.businessnewsdaily.com/5514-fifo-lifo-differences.html (accessed 2016).

Autoridade Tributária e Aduaneira. *CIVA.* 27 June 2016. http://info.portaldasfinancas.gov.pt/pt/informacao_fiscal/codigos_tributarios/civa_rep/c_iva_listas.htm (accessed September 30, 2016).

BBC News. *EU Referendum.* 2016. http://www.bbc.com/news/politics/eu_referendum (accessed 2016).

Besanko, David, David Dranove, Mark Shanley, and Scott Schaefer. *Economics of Strategy.* 6th. USA: John Wiley & Sons, 2013.

Bio Development Holding. *BDH new shareholder in BIO COMPANY.* 2016. http://bio-development.net/en/bdh-new-shareholder-in-bio-company/ (accessed 2016).

Biodiversidade, Instituto da Conservação da Natureza e da. "Vegetaçao pioneira de Salicornia e outras espécies anuais de zonas lodosas e arenosas." *ICNF - Portal.* 2000. http://www.icnf.pt/portal/naturaclas/rn2000/resource/docs/rn-plan-set/hab/habitat-1310 (accessed 2016).

BioFach. *BioFach.* 2016. https://www.biofach.de/en (accessed 2016).

Cadle, James, Debra Paul, and Paul Turner. *Business Analysis Techniques - 72 Essential Tools for Success.* Swindon: BCS, 2010.

Casa do Sal. *Produtos.* 2016. http://www.casadosal.pt/p/produtos.html (accessed September 19, 2016).

Clinica do Site. *Clinica do Site.* 2016. http://www.clinicadosite.pt/ (accessed 2016).

Commission of the European Communities. "COMMISSION REGULATION (EC) No 889/2008." *Official Journal of the European Union.* 5 September 2008. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:250:0001:0084:en:PDF (accessed 2016).

—. "DIRECTIVA 92 /43 /CEE DO CONSELHO." *Jornal Oficial das Comunidades Europeias.* 21 Maio 1992. http://eur-lex.europa.eu/legal-content/PT/TXT/PDF/?uri=CELEX:31992L0043&from=en (accessed 2016).

Cristina Marreiros, Maria Raquel Lucas, Kerstin Röhrich. *Explaining organic food choice on the basis of socio-demographics. A study in Portugal and Germany* . Working paper, Évora: CEFAGE, 2010.

Cristino, Sofia. "O sal vem do mar. Mas tembém vem de uma planta. E agora até há nos montes." *Público.* 25 October 2014. https://www.publico.pt/local/noticia/o-sal-vem-do-mar-mas-tambem-vem-de-uma-planta-e-agora-ate-ha-nos-montes-1674023 (accessed September 28, 2016).

Dartmouth. "Central Limit Theorem." *Dartmouth edu.* 2016.

https://www.dartmouth.edu/~chance/teaching_aids/books_articles/probability_book/Chapter9.pdf (accessed 2016).

Deloitte. “Deloitte.” *Guia Fiscal 2016.* 15 April 2016. http://www.deloitte-guiafiscal.com/ (accessed September 27, 2016).

—. *Food industry* . 2015. https://www2.deloitte.com/us/en/pages/consumer-business/articles/us-food-industry-consumer-trends-report.html.

Diário da República. “Apoios aos Modos de Produção.” *AgroBio.* 9 February 2015. http://www.agrobio.pt/pt/wst/files/I1026-APOIOS-AOS-MODOS-DE-PRODUCAO.PDF (accessed 2016).

Direção-Geral de Saúde . *Estratégia Nacional para a Redução do Consumo de Sal na Alimentação em Portugal.* 2016. http://www.dgs.pt/?cr=24482 (accessed 2016).

Economy, The Global. *Rule of law* . 2016. http://www.theglobaleconomy.com/rankings/wb_ruleoflaw/ (accessed 2016).

Eric Duquette, Nathaniel Higgins, John Horowitz. “Farmer Discount Rates: Experimental Evidence.” *American Journal of Agricultural Economics*, 2012.

Escária, Vítor. *Committees.* October 2015. http://carloscoelho.eu/ed/files/ipol-ida-2015-563474-en.pdf (accessed September 22, 2016).

EurActiv Network. *Germany ranks high in innovation capability.* 8 January 2015. https://www.euractiv.com/section/innovation-industry/news/germany-ranks-high-in-innovation-capability/ (accessed 2016).

European Commission. *A estratégia Europa 2020 em poucas palavras.* 5 October 2016. http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/index_pt.htm (accessed August 18, 2016).

—. *Agriculture and rural development - Organic Certification* . 2016. https://ec.europa.eu/agriculture/organic/organic-farming/what-is-organic-farming/organic-certification_en (accessed 2016).

EuroSender. *EuroSender.* 2016. https://www.eurosender.pt/ (accessed 2016).

Everis. *The organic food products market in Spain will grow by 12% by year until 2020* . 27 June 2012. http://www.everis.com/global/en-US/press-room/news/Paginas/organic-food-products-market.aspx (accessed October 5, 2016).

Exame . *Os negócios da comida saudável.* 3 February 2016. http://expresso.sapo.pt/economia/exame/2016-02-03-Os-negocios-da-comida-saudavel (accessed December 10, 2016).

FAO. *Marketing.* 2016. http://www.fao.org/docrep/004/Y2876E/y2876e1k.htm (accessed 2016).

FocusEconomics. 2016. http://www.focus-economics.com/ (accessed October 2, 2016).

Geert Hofstede. *Germany.* 2016. https://geert-hofstede.com/germany.html (accessed October 5, 2016).

German Federal Foreign Office. *Portugal and Germany.* 2016. http://www.lissabon.diplo.de/Vertretung/lissabon/pt/03/01__D__und__P/S__D__und__P.html (accessed 2016).

German Federal Statistical Office. “The Food & Beverage Industry in Germany.” *GTAI* . 2015. https://www.gtai.de/GTAI/Content/EN/Invest/_SharedDocs/Downloads/GTAI/Industry-overviews/industry-overview-food-beverage-industry-en.pdf?v=7 (accessed 2016).

Glass Packaging Institute. *Benefits.* November 2016. http://www.gpi.org/learn-about-glass/benefits-glass-packaging (accessed 2016).

Gray, Thomas H. *Reasonable Markup to Distributors.* 2012. http://www.tom-gray.com/2012/04/26/reasonable-markup-to-distributors/ (accessed 2016).

Gunning, Daryl. “Cultivating Salicornia (Marsh Samphire) .” *Irish Sea Fisheries Board.* August 2016. http://www.bim.ie/media/bim/content/news,an d,events/BIM%20Cultivating%20%20Salicornia%20europaea%20-%20Marsh%20Samphire.pdf (accessed 2016).

Gupta, Sunil. *Marketing Reading: Segmentation and Targeting.* 2014. http://www.hbs.edu/faculty/Pages/item.aspx?num=48624 (accessed 2016).

Hashem, Heba. "Why research won't give up on Salicornia." *MIT Technology Review.* 24 March 2015. http://technologyreview.me/en/materials/salicornia-biofuel/ (accessed September 22, 2016).

Hutt, Michael, and Thomas Speh. *Business Marketing Management:B2B.* 11. South-Western , 2012.

Ian Worthington, Chris Britton. *Business Environment.* Pearson Education, 2009.

ICNF. *Rede Natura.* 12 October 2016. http://www.icnf.pt/portal/naturaclas/rn2000 (accessed October 16, 2016).

IFOAM EU. "Organic In Europe Prospects ans Developments 2016." *IFOAM-EU.org.* 2016. http://www.ifoam-eu.org/sites/default/files/ifoameu_organic_in_europe_2016.pdf (accessed October 2016).

Ilha dos Puxadoiros. *A sociedade Canal do Peixe.* 2015. http://www.ilha.ilhadospuxadoiros.pt/projeto.aspx?id=4&tit=a%20sociedade%20canal%20do%20peixe&menu=o%20projeto (accessed October 10, 2016).

—. *O projeto.* 2015. http://www.ilha.ilhadospuxadoiros.pt/projeto.aspx?id=4&tit=a%20sociedade%20canal%20do%20peixe&menu=o%20projeto (accessed December 5, 2016).

Infocontab. *Quadro nº1 - Articulados dos Decretos Regulamentares nº2/90 e nº 25/2009.* 2016. www.infocontab.com.pt/download/comparativo_dr2-90_dr25_2009.pdf (accessed December 9, 2016).

International Accreditation Forum, Inc. "Role of ISO/IEC Guide 65 in the assessment of services and processes." *IAF.* 2005. http://www.iaf.nu/upFiles/780964.EC-06-012_IAF_comments_on_Guide_65_Rev_Jan06.pdf (accessed 2016).

ISO . *ISO GUIDE 65.* 1996. http://www.iso.org/iso/catalogue_detail.htm?csnumber=26796 (accessed 2016).

John Daniels, Lee Radebaugh, Daniel Sullivan. *International Business, Student Value Edition.* Pearson , 2015.

Johner SA, Thamm M, Schmitz R, Remer T. "Current daily salt intake in Germany: biomarker-based analysis of the representative DEGS study." *US National Library of Medicine/National Institutes of Health*, 2015.

Julião, Miriam Raquel Alves. "Avaliação do Potencial da Salicornia ramosissima." *UAlg - Universidade do Algarve* . 2013. https://sapientia.ualg.pt/bitstream/10400.1/3612/1/Disserta%C3%A7%C3%A3o%20-%2031075%20-%20Miriam%20Alves%20Juli%C3%A3o.pdf (accessed 2016).

Kevin Keller, Tony Apéria, Matts Georgson. *Strategic Brand Management, A European Perspective.* Second. Edinburgh: Pearson Education, 2012.

Kotler, Philip, and Kevin Keller. *Marketing Management.* Harlow: Pearson Education Limited, 2012.

Macabus. *Terminal Value.* 2016. www.macabacus.com/valuation/dcf/terminal-value (accessed 2016).

Malta, João Carlos. *Jornal de Negócios.* 27 Agosto 2014. http://www.jornaldenegocios.pt/empresas/detalhe/agro_alimentar_prazos_e_custos_atrapalham_pme (accessed 2016).

MAR 2020/Agricultura e Mar Actual/Voz do Algarve . *Mar 2020.* 21 September 2016. https://www.portugal2020.pt/Portal2020/apoios-mar-2020-a-transformacao-dos-produtos-da-pesca-e-aquicultura-abertos-ate-7-de-outubro# (accessed October 5, 2016).

Marketing-Schools.org. *Consumer Psychology - Organic Products* . 2016.

http://www.marketing-schools.org/consumer-psychology/marketing-organic-products.html (accessed 2016).

Martin, Charles L. "Relationship marketing: a high-involvement product attribute approach." *MCB UP Ltd*, 1998: 6-26.

Monroe, Mark. *Before the flood.* Directed by Fisher Stevens. 2016.

Mutlu, Nihan. "Consumer Attitude and Behaviour towards organic food." *Institute for Agricultural Policy and Markets.* October 2007. http://orgprints.org/13727/1/MasterThesis-ConsumerStudy-TR-DE.pdf (accessed 2016).

Organic Wellness News. *Customers drive Alnatura sales record.* 1 February 2015. http://organicwellnessnews.com/en/customers-drive-alnatura-sales-record/ (accessed 2016).

Pandalis. *Salicornia - Jod Pulver.* 2016. http://pandalis.de/produkte/salicornia/salicornia-jod-pulver-35-g/ (accessed 2016).

PennState Extension . *Types of Risk Most Important to Producers.* 2016. http://extension.psu.edu/business/farm/management/risk/other/types-of-risk-most-important-to-producers (accessed 2016).

Pfeiffer, Sabine. "The market for salt in Germany." *CIBCO/BA Market Brief*, 2007.

Philip Kotler, Gary Armstrong, Lloyd C. Harris, Nigel Piercy. *Principles of Marketing 7th European Edition.* Harlow: Pearson, 2017.

Pires, Bruno Filipe. *Seminário Regional do Algarve Barlavento - Salicórnia* . 2 Junho 2015. http://barlavento.pt/mais/inovacao/salicornia-ja-e-produzida-comercialmente-na-ria-formosa (accessed 2016).

Pordata. *Crescimento real do PIB.* 23 September 2016. http://www.pordata.pt/Portugal/Taxa+de+crescimento+real+do+PIB-2298 (accessed September 23, 2016).

—. *Poder de compra per capita.* 9 May 2016. http://www.pordata.pt/DB/Municipios/Ambiente+de+Consulta/Tabela (accessed September 23, 2016).

—. *Poder de compra per capita nos Municípios.* 4 November 2016. http://www.pordata.pt/Municipios/Poder+de+compra+per+capita-118 (accessed December 4, 2016).

Porter, Michael E. *On Competition.* Harvard Business Press, 2008.

Portugal Start-up. *Seis apoios para criar a sua própria empresa.* 2012. http://start-upportugal.blogspot.pt/2012/05/seis-apoios-para-criar-sua-propria.html (accessed 2016).

PortugalFoods. *Market division.* 2016. http://www.portugalfoods.org/market-division (accessed 2016).

Profitworks. *B2B Promotion.* 2016. http://www.profitworks.ca/blog/902-blog/other/83-b2b-promotion.html (accessed 2016).

PwC. *Tax Guide - General rates.* 30 March 2016. http://www.pwc.pt/en/pwcinforfisco/tax-guide/2016/cit/general-rates.html (accessed December 10, 2016).

QREN. *Incentivo às Empresas.* 2016. http://www.pofc.qren.pt/areas-do-compete/incentivos-as-empresas (accessed 2016).

R. Olivas, R. Bernabéu. "Men's and women's attitudes toward organic food consumption. A Spanish case study ." *Spanish Journal of Agricultural Research*, 2012: 281-291 .

Regio Data. *Purchasing Power.* 2012. http://www.regiodata.eu/en/news/173-munich-high-purchasing-power-low-shopping-centre-density (accessed 2016).

Ria Fresh. *Os nossos produtos.* 2016. http://www.riafresh.com/index.php/pt/ (accessed September 15, 2016).

Rito, Catarina Amaro. *Comprar ou não, o que escolhem? Comportamento de compra dos jovens universitários portugueses de produtos alimentares biológicos". Dissertação de Mestrado, Universidade de Lisboa.* Master

Thesis, nstituto Superior de Economia e Gestão, Lisbon: Instituto Superior de Economia e Gestão, 2014.

Sá, Ana Rita de. “O papel da localizaçao na propensão à exportação das PME.” *Universidade do Porto.* Junho 2015. https://repositorio-aberto.up.pt/bitstream/10216/79149/2/116379.pdf (accessed 2016).

Send-a-fish. *Send-a-fish Salicorne.* 2016. http://www.send-a-fish.de/salicorne-franzoesiche-queller-573.html (accessed 2016).

Statista. *Index of domestic purchasing power in selected cities around the world.* 2015. https://www.statista.com/statistics/262825/worldwide-gross-wage-index/ (accessed 2016).

Suranovic, Steven M. *International Trade Theory and Policy.* 1 December 2015. http://internationalecon.com/Trade/Tch40/T40-0.php (accessed 2016).

The Center for Generational Kinetics. *Generations.* 2016. http://genhq.com/ (accessed November 1, 2016).

The Global Economy. *Political stability - country rankings.* 2016. http://www.theglobaleconomy.com/rankings/wb_political_stability/ (accessed 2016).

The Heritage Foundation. *Country* . 2016. http://www.heritage.org/index/country/france (accessed 2016).

Trading Economics. *Germany - Indicators.* 2016. http://www.tradingeconomics.com/germany/indicators (accessed 2016).

—. *Portugal Employment Rate* . July 2016. http://www.tradingeconomics.com/portugal/employment-rate (accessed September 22, 2016).

—. *Portugal Unemployment Rate.* 10 August 2016. http://www.tradingeconomics.com/portugal/unemployment-rate (accessed September 22, 2016).

Truninger, Monica. *Organic food in Portugal: Conventions and justifications.* Thesis, Lisbon: Manchester: University of Manchester, 2005.

U.S. Department of Agriculture, Risk Management Agency. *SWOT Analysis: A Tool for Making Better Business Decisions.* 2008.

United Nations University. *A Taste for Organic Food.* 2015. https://ourworld.unu.edu/en/a-taste-for-organic-food (accessed 2016).

USDA Foreign Agricultural Service. “GAIN Report.” *GAIN Publications.* 5 April 2015. https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Berlin_Germany_5-4-2015.pdf (accessed 2016).

Ventura, Yvonne, et al. “Effect of seawater concentration on the productivity and nutritional value of annual Salicornia and perennial Sarcocornia halophytes as leafy vegetable crops .” *Scientia Horticulturae* , 2011: 189-196.

Vera M.S. Iscan, Ana M.L. Seca, Diana C.G.A. Pinto, Artur M.S. Silva. Daya Publishing House, New Delhi, 2014.

VidrialGlass. *VIdrialGlass - Frascos de Vidro.* 2016. http://www.vidrialglass.pt/category/1-wwwvidrialglasspt.aspx (accessed 2016).

Waterwise Santa Barbara. *Smart Irrigation Technology.* 2016. http://www.waterwisesb.org/smart.wwsb (accessed September 26, 2016).

Wernerfelt, Birger. “A Resource-Based View of the Firm.” *Strategic Management Journal, Vol. 5, No. 2.*, 1984: 171-180.

Wholesaling. *What Really Works in Distributor Marketing.* 4 November 2004. http://ewweb.com/news-watch/what-really-works-distributor-marketing (accessed 2016).

World Bank. *Country - Germany.* 2015. http://data.worldbank.org/country/germany (accessed 2016).

—. *Indicators.* 2015. http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?view=chart (accessed 2016).

—. *Political stability - country rankings* . 2016. http://www.theglobaleconomy.com/rankings/wb_political_stability/ (accessed December 19, 2016).

World Health Organization. “Public Health Product Tax in Hungary.” *Euro WHO.* 2015. http://www.euro.who.int/__data/assets/pdf_file/0004/287095/Good-practice-brief-public-health-product-tax-in-hungary.pdf?ua=1 (accessed 2016).

Yelp. *Berlin.* 2016. https://www.yelp.pt/biz/bio-company-berlin-16 (accessed 2016).

Yvonne Ventura, Wegi A. Wuddineh, Malika Myrzabayeva, Zerekbay Alikulov, Inna Khozin-Goldberg, Muki Shpigel, Tzachi M. Samocha, Moshe Sagi. “Effect of seawater concentration on the productivity and nutritional value of annual Salicornia and perennial Sarcocornia halophytes as leafy vegetable crops.” *Scientia Hoticulturae*, 2011: 8.