

MASTER
MASTER IN MANAGEMENT MBA

MASTER'S FINAL WORK
DISSERTATION

**ANALYZING AND COMPARING STRATEGIES OF GALLO
AND DELTA: BETWEEN OFFLINE AND ONLINE B2C ENTRY
AND MARKETING IN CHINA**

LIU DA

FEB-2020

MASTER
MASTER IN MANAGEMENT MBA

MASTER'S FINAL WORK
DISSERTATION

**ANALYZING AND COMPARING STRATEGIES OF GALLO
AND DELTA: BETWEEN OFFLINE AND ONLINE B2C ENTRY
AND MARKETING IN CHINA**

LIU DA

SUPERVISION:
MARIA FERNANDA PARGANA ILHEÚ

FEB-2020

GLOSSARY

B2C – Business-to-Consumer.

GDP – Gross Domestic Product.

Heading 150910 – Product code of Olive Oil in Accordance with UN Code.

MFW – Master's Final Work.

ABSTRACT

Portuguese companies and brands such as Gallo olive oil and Delta café have entered the Chinese markets for around a decade. This study looks at these two brands' entry and marketing strategies in China historically, as Gallo and Delta faced challenges both as foreign brands and as culturally different diet in China. The thesis adopted analytical frameworks to discuss the two companies' operations in China as foreign brands. As a conclusion and deeper analysis, this study then compares the offline and online (Mainly Taobao from Alibaba) strategies of Gallo and Delta.

KEYWORDS: Chinese Market; Portuguese Products; International Trade; Case Study; B2C strategy.

TABLE OF CONTENTS

Glossary	i
Abstract.....	ii
Table of Contents.....	iii
Table of Figures.....	vi
Acknowledgments	vii
1. INTRODUCTION	1
2. LITERATURE REVIEW	4
2.1. Theoretical Models as Analytical Tools	4
2.2. The Case of Gallo	5
2.2.1. A Panoramic View.....	5
2.2.2. Imports of olive oil in China.....	7
2.2.3. The Chinese consumer and the perception of the Portuguese product	10
2.3. The Case of Delta	11
2.3.1. A Panoramic View.....	11
2.3.2. Imports of coffee in China.....	12
2.3.3. Chinese Online Coffee Market	13
2.4. Understanding Taobao from the West.....	13
2.5. Research Objectives	14
3. METHODOLOGY	15
3.1. Case Study Design.....	15
3.2. Proposed procedures of case study	16
4. CASE STUDY RESULTS	16
4.1. Analysis of Gallo's Market Strategies in the Chinese Market	16

4.1.1. Market Entry	16
4.1.2. Competitor and Competition Environment Considerations	18
4.1.3. Barriers of Entry	20
4.1.4. Brand Perception and Influence	22
4.2. Analysis of Delta's Market Strategies in the Chinese Market.....	23
4.2.1. Market Entry	23
4.2.2. Competitor and Competition Environment Considerations.	26
4.2.3. Barriers of Entry	28
4.2.4. Brand Perception and Influence	29
4.4. Comparison of Strategies of Gallo and Delta	30
4.4.1. Similarities.....	30
4.4.2. Differences.....	30
4.5. Proposing and Comparing Online Marketing Strategies	31
4.5.1. Interaction.....	31
4.5.2. Brand Awareness	34
4.5.3. Brand Perception	34
5. CUSTOMER SURVEY	36
5.1. The Result of Customer Survey.....	37
6. CONCLUSION	37
REFERENCES	40
APPENDIX	42
Survey Questionnaire	42
Survey Questionnaire of Olive oil	42
Survey Questionnaire of Coffee	42
Data Analysis & Results.....	42

Data Analysis & Results of Olive Oil	42
Data Analysis & Results of Coffee.....	50

TABLE OF FIGURES

FIGURE 1 – China-Portugal Economic and Trade Relationship.	1
FIGURE 2 – Import, Consumption, Production of Olive Oil in China.....	6
FIGURE 3 – China Olive Oil Domestic Consumption by Year.	6
FIGURE 4 – Import, Consumption, Production of Olive Oil in China.....	8
FIGURE 5 – Chinese Import of Olive Oil.....	9
FIGURE 6 – Olive Oil Imported by China by Country.	9
FIGURE 7 – Coffee Production and Consumption in China Source: 2017 Chinese Coffee Industry Report.	12
FIGURE 8 – Gallo’s Taobao Product Sales and Discussion Board.....	32
FIGURE 9 – Delta's Taobao Product Sales and Discussion Board.....	33
FIGURE 10 – Babies in Gallo Web-Store Portal.	35
FIGURE 11 – Delta Launches its Localized "Jade" Coffee Series.	36

ACKNOWLEDGMENTS

First, I wish to thank Professor Maria Fernanda Pargana Ilhéu for her encouragement and guidance.

I am also thankful to my father Liu x.n and my mother Huang q.h in Nanjing, China for their patience and their support while I pursued this project.

1. INTRODUCTION

Portuguese companies have been approaching the entry into Chinese market given the rapid growth of the Chinese economy. Among others, Gallo olive oil and Delta Café stand out as the two exemplar Portuguese brands that entered the Chinese market in the past decade. Yet, they face somehow different sub-market environments, customers and perceptions. This thesis tends to provide a comprehensive review on the market strategies that the two Portuguese companies adopted and are adopting in the Chinese context, and to make comparisons to illustrate the nuances between their decisions.

In the recent years, the trade relationship between China and Portugal has developed firmly. According to Figure 1, until 2017, the total trade volume has reached 3,26 billion dollars. Up until the same time, China's investment in Portugal amounted to more than 9 billion euros, and Portugal invested in 235 Chinese projects with an investment total of 210 million dollars (CGTN, 2018).

FIGURE 1 – China-Portugal Economic and Trade Relationship.



Source: CGTN (Dec. 2018).

In cities like Beijing or Shanghai, such figure has reached more than 60.000 RMB (roughly 10.000 USD at the time) in 2015. It is predicted by Mckinsey & Company (<https://www.china-briefing.com/news/chinas-middle-class-5-questions-answered/>) that

China will have more than 54% of its citizens entering the bucket of “upper middle” class by 2022. The process of urbanization fuels the growth of the consumer market by widening the affordability and availability of goods.

Changes in economic profiles have been and will continue to be the most important trend shaping the consumer landscape. The Chinese are certainly getting richer fast: per capita disposable income of urban consumers will double between 2010 and 2020, that will be close to the current standard of living in South Korea.

It is also expected that China’s younger generation, after gaining middle-class level income, would be more willing to spend on retail products, thus opening further opportunities for the Chinese market to grow. Moreover, as the e-commerce market grew extensively in China for the past decade, how to adapt to this new environment for Gallo and Delta is worth observation and comparison.

In China, olive oil is not considered as a daily use of basic products, but rather for medical use during the history or as a present to the friends. Despite this and the prices that such product has there as a result of import fees and costs, its market share is growing as Chinese consumers are increasingly having a higher income, and more and more restaurants are use olive oil to prepare customers’ dishes.

The olive oil market in the Chinese market is an expanding market. During the 2010-2018 period, the consumption volume of this product grew by approximately 30% and forecasts indicate that it will continue with this spectacular growth (International Olive Council, 2019).

Switching to the coffee area, China, as a traditionally tea-consuming country, counts a growing number of coffee drinkers, most of which are young and for whom coffee symbolizes a modern western lifestyle. With this market expansion, coffee consumption in China has been increasing at double-digit rates in recent years. This trend does not seem likely to abate as the primary consumers of coffee are becoming major wealth makers (ICO, 2015).

When approaching China, the mode of entry is a crucial decision to determine the success of the company's approach. A well-chosen mode can allow the company to get a competitive advantage, while inappropriate choices are hard to change. In China, the law requires that participants in some industries establish a Chinese local entity, while in

others, local intermediaries and a small representative office can be established and be enough. The entry mode then depends on a lot of things, such as the size of the markets, the population of the cities, the location and the level of education. Exporting through a local distribution partner is highly required mainly because Chinese store owners always prefer to receive local products. Distributors offer a policy of free return of unsold products, high listing fees for new products and good credit terms. The company will then export its olive oil and coffee from Portugal and it will be sold to the distributor, who will then resell it in the main distribution channels. A contract will be concluded between both, where the duty of Gallo or Delta is to promote the product and brand in the country of expansion, ensuring the demand for your products at the distributor.

Inspired by these two cases, the current thesis has the following research questions that guides the organization of the whole manuscript:

1. What are the entry modes of the two brands in Chinese market?
2. What are their competitors and the Chinese competition environment?
3. What are the existing barriers for entry?
4. What are their brand perception and influence?
5. What are the characteristics of the Chinese customers?
6. What are their online B2C strategies?

2. LITERATURE REVIEW

2.1. Theoretical Models as Analytical Tools

Scholars of business management has developed a great number of theories and frameworks with which this thesis could analyse Gallo and Delta Café's environment and strategies. Yet, the key issue here is to select the most widely adopted frameworks so that the current study could be understood on a universal basis, while also to select more specific frameworks that would help to gain a more precise insight into the phenomenon. What the current study is dealing with is Western food products' entry and potential development in China, a drastically different place both in customer culture and market structure.

In this light, the current thesis chooses Porter's Six Forces framework and the SWOT Analysis as two universal theories that would give a panoramic overview. The six forces model is an analysis model used to give a holistic assessment of any given industry and identify the structural underlining drivers of profitability and competition. The forces are: Competition – assessment of the direct competitors in a given market; New Entrants – assessment in the potential competitors and barriers to entry in a given market; End Users/ Buyers – assessment regarding the bargaining power of buyers that includes considering the cost of switching; Suppliers – assessment regarding the bargaining power of suppliers; Substitutes – assessment regarding the availability of alternatives; Complementary Products – assessment of the impact of related products and services within a given market. This model is suitable for both cases as the Chinese olive oil market and coffee market is relatively new and still has a considerably high volatility (both cultural and economic).

The SWOT analysis is a strategic planning technique used to help a person or organization identify strengths, weaknesses, opportunities, and threats related to business competition or project planning. The name is an acronym for the four parameters the technique examines: Strengths – characteristics of the business or project that give it an advantage over others; Weaknesses – characteristics of the business that place the business or project at a disadvantage relative to others; Opportunities – elements in the environment that the business or project could exploit to its advantage; Threats – elements in the environment that could cause trouble for the business or project. The SWOT

analysis is a more general method with half of its focus on the company itself (the internal factors). Its incorporation into our analytical strategy would hopefully give rise to a deeper reach in the current study's insight. All these analysis tools have contributed greatly to the analysis of multi-/transnational strategies of companies in the literature. Yet, such analysis on the Portuguese products in China is still scarce, and thus the importance of the current thesis.

In a more specific sense, this thesis incorporates three analytical frameworks/models for to construct a general Global Marketing Strategy Framework. Ansoff was predominantly known for the Ansoff Matrix, which analyses the company's current and potential strategies for growth. Meanwhile, Keegan and Green's Global Marketing-Strategic Alternatives Matrix helps analysts to better understand and anticipate necessary step for a company to adapt and extend its service or product in a foreign environment. After adaptation, this thesis considers the next vital component of is the internationalization of the brand itself. Thus, the brand internationalization model explains what to do in order to achieve such goal. This model is developed by Ghantous and Aix-Marseille (2008), and it takes into consideration of factors such as global vocation and homogeneity of the global demand. All these factors play a critical role in the analysis of our cases: olive oil and coffee.

Therefore, this thesis is also interested in illustrating the impact brought by the digitalization of the B2C market in China. While it bears much resemblance with that in the West, the electronic B2C market in China has some unique characteristics in its own way. This thesis will use some emerging analytical frameworks to improvise on the potential strategies the two companies could take.

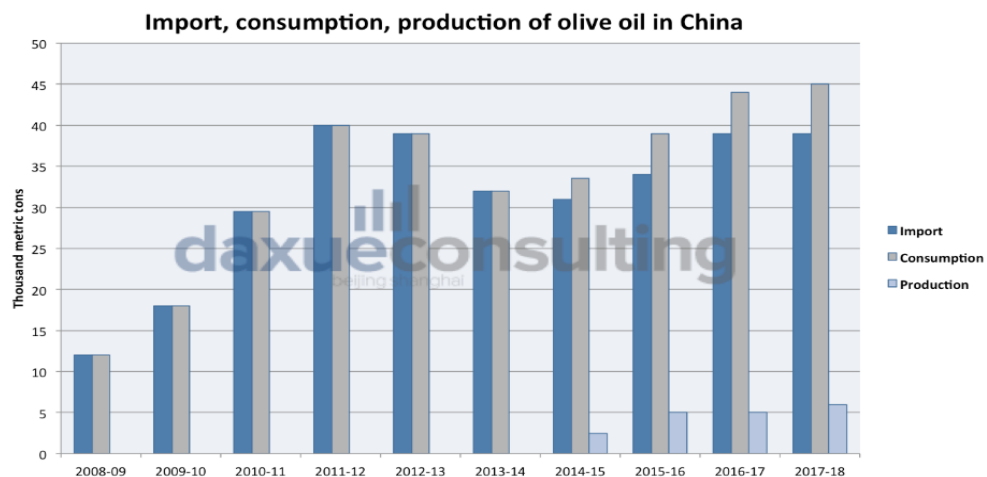
2.2. The Case of Gallo

2.2.1. A Panoramic View

Olive oil is not one of the characteristic products of Chinese cuisine. The market of oils and fats is dominated mainly by soybean oil, followed by other vegetable oils. Despite this and the prices that such product has there as a result of import fees and costs, its market share is growing as Chinese consumers are increasingly having a higher income, and more and more restaurants are using olive oil to prepare customers' dishes.

The olive oil market in the Chinese market is an expanding market. During the 2010-2018 period, the consumption volume of this product grew by approximately 30% and forecasts indicate that it will continue with this spectacular growth (International Olive Council, 2019).

FIGURE 2 – Import, Consumption, Production of Olive Oil in China.

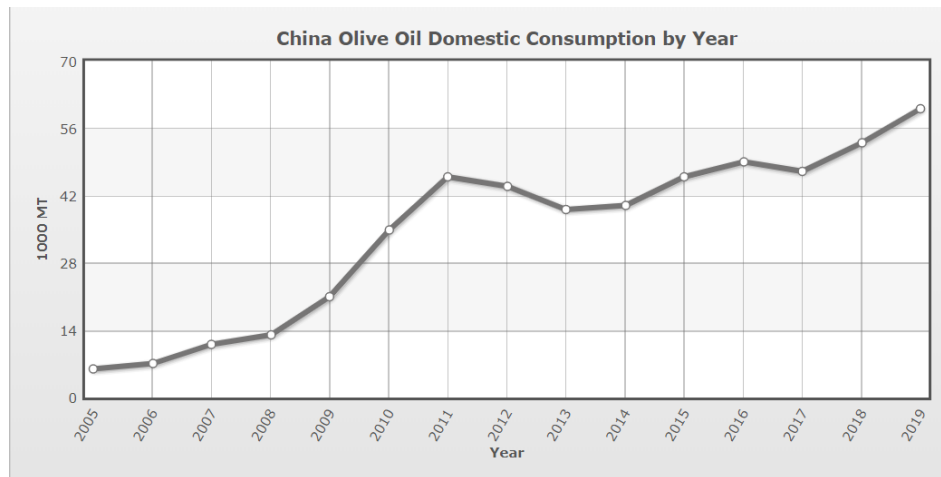


The domestic production of olive oil in China was almost nine times lower than its total olive oil consumption in 2016-2017. Created by Daxue Consulting with data from the International Olive Council reports (November 2017).

Source: Daxue Consulting (2018).

About 60% of that imported olive oil was sent from Spain, 24% from Italy and 6% from Greece (Daxue Consulting, 2018). Although Greek products are underrepresented in the market, it constitutes to a serious challenger for its very competitive prices. The most required type of olive oil is Extra-Virgin, which represents 84% of all imports, followed by olive-pomace oil with 12% and 5% virgin olive oil. There is a combination of trends that predict the future success of olive oil in the market, which is also expected in the steady increase in demand for olive oil in China, making olive oil the most promising subcategory within Chinese oils and fats. Worldwide, the industry will be driven by health trend in the forecast period, olive oil being the subcategory that could mostly benefit from it.

FIGURE 3 – China Olive Oil Domestic Consumption by Year.



Source: USDA (2019).

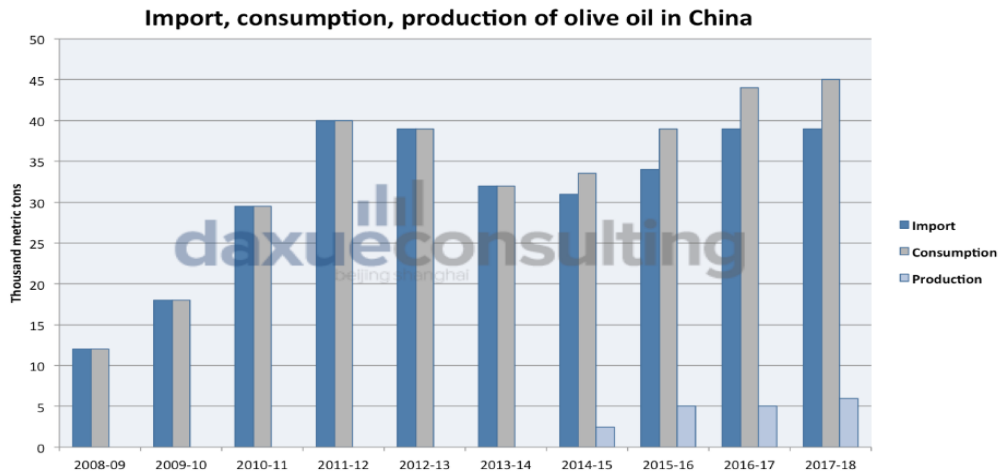
In the previous graphs, the growth of the olive oil market in the Chinese market can be seen in a more visual way (USDA, 2019). Apart from the growth of income, another reason that can explain the great growth of this product is the good perception of it. The food scandals related to the usage of risky oil in China in recent decades make imported products appreciated as healthier by Chinese consumers. Olive oil is expected to continue growing in China, so more and more companies are trying to establish a distribution network there (Türkekul, Günden, Abay, & Miran, 2010).

2.2.2. Imports of olive oil in China

As it has been seen in the literature review, olive oil is a product that has been in the growth phase, increasing its market share more and more in China. It is a product that offers great opportunities to the main oil producing countries like Portugal and Spain, which are increasingly selling more in China since the local production of this product is not significant due to the climate and the structure of the farms. Therefore, most of the olive oil consumed among the population of that country is imported.

As can be seen in the Fig. 4, the imports of olive oil made by China peaked in recent years in the 2011/2012 campaign with about 40.000 tons. As of this campaign, imports have a slight drop until the 2015/2016 campaign when they grow again and forecasts indicate that this trend will continue.

FIGURE 4 – Import, Consumption, Production of Olive Oil in China.



The domestic production of olive oil in China was almost nine times lower than its total olive oil consumption in 2016-2017. Created by Daxue Consulting with data from the International Olive Council reports (November 2017).

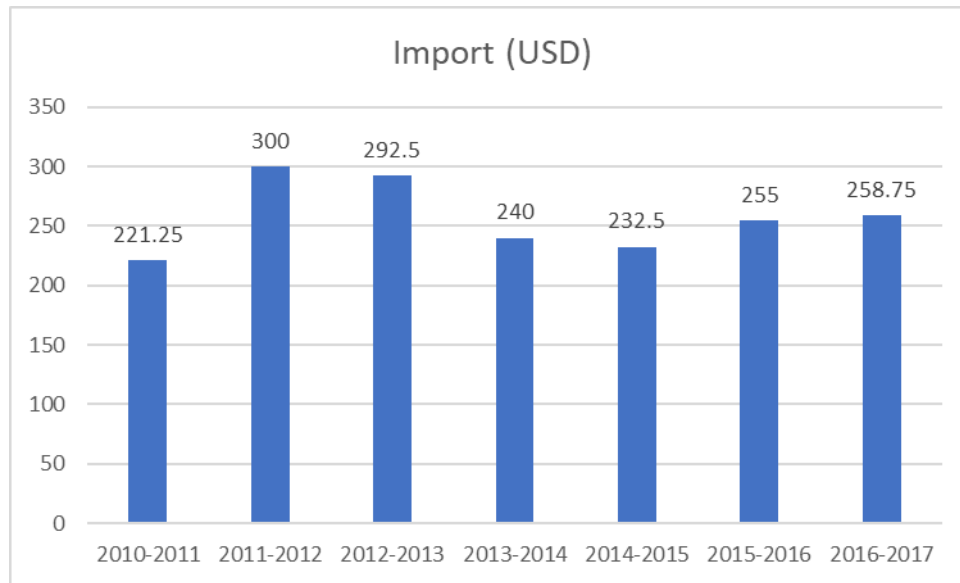
Source: Daxue Consulting (2018).

The main causes that explain the decline in imports are explained in the document prepared by Jorge Garrido Kaifer (Kaifer, 2015), in the study of olive oil in December 2015 in the Chinese market:

- ” Excess stock of importers and distributors. The reason that there has been an excess of stock is the adjustment that has been made in the market due to the difference between imports and real consumption, a problem that was accentuated for the brands since, if the product ages in the market, it loses quality and the brand loses image if it is sold later. A price problem was also generated since the oils that had been on the market for a long time without being sold, were sold later with great discounts, which led the consumer to want to pay less for the product.
- The appreciation of the yuan against the euro. The maximum exchange rate is in May 2014 (it began to grow at the end of 2012), when it stood at 8,7. The minimum is given in March 2015 when it was below 6,5. At present it is close to 7,7 and over the years it has been between 6,7 and 7,5.”

These two reasons were those that led, mainly to the decline in imports of olive oil. Forecasts for the next few years indicate that there will continue to be differences between expected consumption and actual consumption, although imports will grow thanks to increased demand.

FIGURE 5 – Chinese Import of Olive Oil.

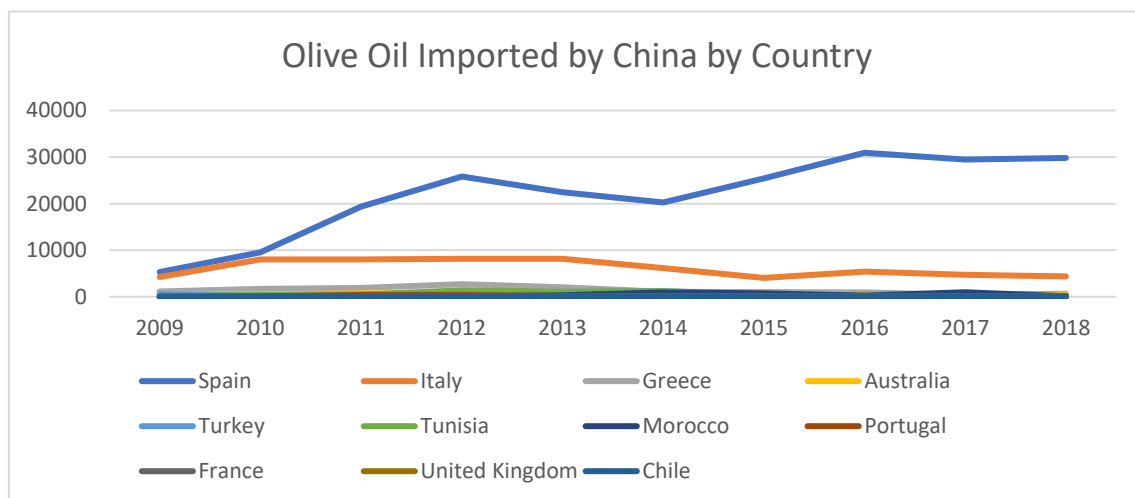


Source: International Trade Centre (2019).

In Fig. 5, we can analyse the imports of olive oil in China in monetary terms and we see how the fall in dollars is not so notorious as in terms of volume since, as stated earlier, one of the causes that explain the fall in imports was the appreciation of RMB (Chinese currency), so when viewing the data in US dollars the volume looks less than it really was.

Thus, analysing the imports of olive oils by countries, we see that Portugal is not one of the main sources from where China import olive oil. Spain is the country that dominates the market, since China exports more than 60% of olive oils from Spain.

FIGURE 6 – Olive Oil Imported by China by Country.



Source: International Trade Centre (2019).

We can see how in 2013 and 2014 the largest producers and exporters of oil such as Spain, Italy and Greece lose market share and their level of sales falls in favour of markets that are emerging in this type of products (Tunisia, Turkey or even Australia and Morocco) (International Trade Centre, 2019c). The causes that explain this, in addition to the appreciation of the yuan against the euro, could be that the market was somewhat inflated by the importance of the brand and the origin of these oils, which has a great impact on the population. Likewise, another cause to comment would be the fall in consumer confidence indices in the first-line cities, main consumers of this product.

After seeing and analysing carefully the data of olive oil imports divided by countries we can conclude that Spain and Italy are leaders in the Chinese market in terms of olive oil. Portugal, on the other hand, has not been a very visible player there. The main reason can also be seen in the composition of Portuguese export of olive oil: its main markets are Spain and Brazil, meanwhile has very ignorable presence in China and even in Asia as a whole. Historically, the export of Portuguese oil faced mainly the European market and Lusophone countries. As the largest olive oil maker in Portugal, Gallo's business emphasis was never set to be in the Asian-Pacific region, despite of the fact that Portugal had a previous colony in Macau, China (International Trade Centre, 2019b).

2.2.3. The Chinese consumer and the perception of the Portuguese product

At first, olive oil was introduced in the most important cities and with greater access to foreign products and services such as Shanghai, Beijing or Guangzhou. Here the per capita income is also higher, so expanding the market share is easier.

At present, these cities, as well as other capital cities of every province continue to be the main claimants for olive oil, so most of the efforts to promote and export the product are still directed to these cities. Most of the oil distribution companies and brands are already based there, so the competitiveness and access barriers to this segment of the market are increasing. Growth rates in these cities remain high, but a slowdown is beginning to take place; This trend is expected to consolidate during the following years. We could say that until about 2 years ago, the product was in its growth phase, but

now it is beginning to enter its maturity phase (We focus this analysis within the product life cycle, which has 4 phases: Introduction, growth, maturity and decline).

In rural and second and third-line cities, consumer confidence indexes are growing, which is why and due to the saturation of the market in the main cities of the country, where there is greater growth and greater potential, in these areas believes that olive oil is still in its growth phase.

But the current Chinese market is not friendly to Portuguese olive oil products in terms of brand awareness and reputation among customers. Also, given the fact that Portuguese companies, including Gallo, has not been very active in China for the past decade, it already missed the opportunity to establish a “Country-of-Origin” effect (Verlegh & Steenkamp, 1999) or Halo effect (Pecotich & Ward, 2007) for product reputation management, and logistics-wise. Portuguese companies would not be able to compete with Spanish companies and Italian companies in terms of their familiarity with the customer, local distributors at several levels and local governments.

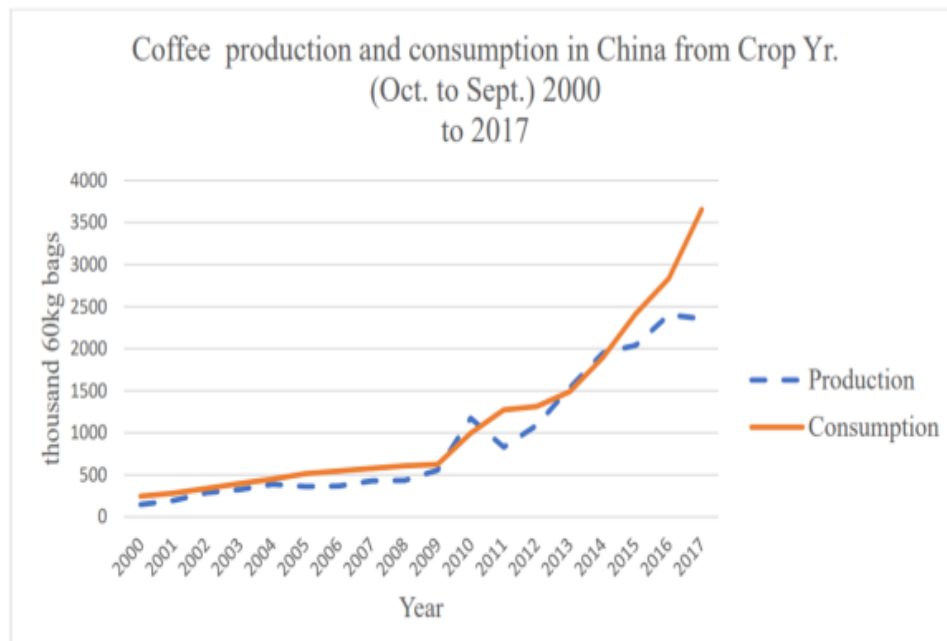
Yet, from previous analyses we may still have a positive outlook towards the expansion of olive oil markets in China. Thus, it is yet premature to conclude that a successful entry of Portuguese olive oil into the Chinese market is infeasible. More opportunities would emerge as the Chinese consumer market is still experiencing fierce technological and policy-wise changes. Portuguese olive oil can still plan for deeper market penetration in China.

2.3. The Case of Delta

2.3.1. A Panoramic View

Coffee consumption is increasing in China, but the production of coffee remains low relative to China's popular buying power (\$11.530), since tea remains China's consumers favourite drink.

FIGURE 7 – Coffee Production and Consumption in China Source: 2017 Chinese Coffee Industry Report.



Source: ICO (2018).

The real coffee industry in China is focused largely in the southern towns of Shanghai, Guangzhou, Shenzhen, Donguan and Zhuhai, with a share of about 80% of total consumption. Instant coffee (85%) and roast coffee (1%) split the type of coffee taken in 2013. The company's future in Asia will be determined by Delta Cafés ' approach on its entrance into China. The group has already begun to make contacts in the country and through associations is trying to create a presence in Shanghai and Macao. According to the ICO (2018) and the USDA FAS (2018), China became the 10th largest consumer of coffee in 2017, with consumption reaching 3.655 thousand 60kg bags per year.

China, as a traditionally tea-consuming country, counts a growing number of coffee drinkers, most of which are young and for whom coffee symbolizes a modern western lifestyle. With this market expansion, coffee consumption in China has been increasing at double-digit rates in recent years (ICO, 2015).

2.3.2. Imports of coffee in China

As will be discussed later, China is not only a huge consumption market for coffee, but also being a coffee production giant. However, China's import has been steadily

increasing from 2008 to 2016 (International Trade Centre, 2019a). As we can see from the following graph (Figure 13), in 2016 China imported nearly 500 million USD worth of coffee from all over the world (84.323 tons of coffee products).

Most of its coffee is imported from Vietnam, while Western countries only stood as a minor exporter to China. Portugal's coffee export to China is just 22 tons according to ITC data, and before 2011, Portugal's coffee export to China is reported as zero.

2.3.3. Chinese Online Coffee Market

China is one of the most populous and largest countries in the world, which makes it an attractive market to enter products that satisfy consumer trends in a significant segment. One of the striking channels to enter this market is e-commerce, since China is positioned as the country with the most online sales in the world, and according to some figures, by 2019 it will invoice one billion US dollars (Martinsons, 2002). Regarding the beverage market, it should be noted that despite the fact that tea is the predominant beverage, the young population has increasingly begun to consume coffee as a better option for a hot drink (Arias & Tristán, 2008).

Bearing in mind that e-commerce and coffee in China represent great opportunities to enter this market, it is necessary to look for more detailed information in order to cover the need that coffee growers in Colombia have for carrying out more trade. fair and to use channels that provide an advantage in terms of entry cost to reach the target audience.

This paper focuses on answering the following question: what are the main factors that companies consider selling coffee in China through e-commerce? For this reason, the objective of the article is to inform the trend of variables such as the type of e-commerce, online platforms, online business model and presentation of the offered coffee, to give an initial look at the main aspects that are necessary to evaluate to take advantage of that opportunity in China.

2.4. Understanding Taobao from the West

As the largest e-commerce platform in China and around the whole world, this thesis will focus on Taobao of Alibaba to explain the on-line strategies of Gallo and Delta.

Alibaba Group was established in 1999 by Jack Ma. The core business of Alibaba is to help medium or micro Chinese exporters, manufacturers and entrepreneurs to sell their products to the other countries since in 2001 China entered WTO. Alibaba Group has grown into a global leader in online and mobile commerce (Alibaba, 2019).

Until the end of 2018, Alibaba has more than 654 million annual active consumers, its cloud and data technology and tremendous traction in New Retail have enabled us to continuously transform the way businesses operate in China and other emerging markets, which will contribute to its long-term growth. In the fiscal year ended March 31, 2019, Alibaba's revenue was RMB376.844 million (US\$56.152 million), an increase of 51% year-over-year. Excluding the effects of consolidating acquired businesses, revenue would have increased by 39% year-over-year (Alibaba, 2019).

There are two main products of Alibaba, Taobao and Tmall. Taobao is an e-commerce store managed by the Alibaba Group. It is an online shop like Amazon or eBay and sells majorly to the Chinese-speaking population in the regions of Hong Kong, Taiwan, Macau, and Mainland China. It started in the year 2003, right now it is one of the biggest online selling platforms in the world. Taobao is a fast-growing consumer community that continues to redefine the shopping experience through content innovation and intelligent personalized recommendations.

The advanced consumer companies in China do not just sell online through their own sites. They use a variety of digital platforms, which generally run a flagship store in Tmall. Even the British luxury brand such as Burberry now has a flagship digital store in Tmall, which gives it access to traffic beyond its regular customers by virtue of being on the wider platform.

2.5. Research Objectives

The thesis has the following objectives:

1. Illustrate the theoretical and practical importance of e-commerce strategies and platforms in China for foreign companies and brands.
2. Analyse current Chinese market for Olive Oil and Coffee products.
3. Analyse the entry and marketing strategies of Gallo and Delta Café.

4. Compare their Strategies with a special focus on online B2C strategies.

3. METHODOLOGY

While the previous part (the literature review) gave a brief review about the two companies and some of their performance indexes, as well as illustrating the analytical models that the thesis will apply in later analysis. This method section explains more in detail about the methodology of the empirical part of the study. To gain more empirical insight into the phenomenon and to thus answer the subsequent research questions, this paper uses a case study approach to realize the objectives listed at the end of the literature review.

3.1. Case Study Design

Cases studies are effective analytical tools in various disciplines of social sciences, with an especially strong presence in the fields of advertising, marketing as well as management. Case studies were questioned to be less objective among different types of social scientific tools, yet, its ability to grasp key evidences within a not-well-defined phenomenon is important.

In the table below, there are the analytical models which the case study applied:

Dimensions	Variables	References
New Entrants	Forming branches Product characteristics Market attractiveness	Porter (1979, 2008)
Substitutes	Buyers' choice of replacement Ease to be replaced	Porter (1979, 2008)
End Users/ Buyers	Price sensitivity Product uniqueness Similar products	Porter (1979, 2008)
Suppliers	Gallo's and Delta's role	Porter (1979, 2008)
Competition	Competitor and Competition Environment Considerations	Porter (1979, 2008)
Complementary products	Mediterranean Cuisine	Porter (1979, 2008)
Strength	Macau Innovation	SWOT Analysis
Weaknesses	Consumer resistance Being Portuguese National support Lack of Local Office	SWOT Analysis
Opportunities	More Educated Customers Rapidly urbanizing cities	SWOT Analysis

Threats	Competing to occupied Level of advertising expenses Existing Halo Effect	SWOT Analysis
Environmental factors	Religion Training Technology Economy	Keegan and Green (2008)
Market Structure	Competition / seller intensity Intensity of buyers Distribution intensity	Keegan and Green (2008)
Brand Perception and Influence		Ghantous and Aix-Marseille (2008)

3.2. Proposed procedures of case study

1. Retrieve existing literature studying the two brands in terms of their global expansion, as well as macro- and micro-level strategies.
2. Analyse secondary reports and literature to obtain a panoramic understanding about the Chinese olive oil and coffee markets and regulations.
3. Analyse secondary reports that are relevant to Gallo and Delta's expansion in China, and associate and triangulate these findings with findings from the previous point.
4. Narrow the focus down to entry mode and marketing strategies, compare Gallo's strategy priorities with Delta's.

4. CASE STUDY RESULTS

4.1. Analysis of Gallo's Market Strategies in the Chinese Market

4.1.1. Market Entry

In this first section, the paper analyses the market entry based on the Porter's Six Forces framework.

1. New Entrants:

Forming branches: The establishment of local shops can be tricky in China. Gallo has not been able to do so while many its competitors have already achieved such goal.

Product characteristics: Gallo olive oil is from Portugal, yet, in the Chinese market the product has been regarded as a Mediterranean product, thus main imports were

coming from Spain, Italy or Greece. The geographical location of the country could be a sort of barrier.

Market attractiveness: The Chinese market of olive oil still embraces a lot of potential, especially in less urbanized areas of the country. Thus, the market would continue to draw attention of potential later comers, who would imaginably become Gallo's competitors.

These three factors would make the analysis to reach a conclusion that threat of newcomers into the market would be moderately low. The one really worries some factor is the potential for more participants to come into the market.

2. Substitutes:

Buyers' choice of replacement: This point includes two angles: olive oil can be a material for the kitchen or olive oil can be a present to other people. Either way, the prospect for this point is not good. As an ingredient for cooking, olive oil is only being recently introduced (around a decade) to the Chinese consumer. Moreover, as a gift it is difficult for the olive oil products to be considered on a same basis as alcohol or cigarettes.

Ease to be replaced: As mentioned in the previous point, for the Chinese consumers it would be easy for them to find a replacement for olive oil. Or in other words, olive oil is yet to become a strong replacement for existent Chinese cooking ingredients or gifts.

Given what has been discussed in the previous two points, it can be somehow deducted that threat in product replacement in the Chinese market remains high.

3. End Users/ Buyers:

Price sensitivity: Chinese customers could be less sensitive to the price of olive oil product because they are expecting the product to be either a high-end cooking ingredient or a good gift. Either these two situations would encourage them to spend more. Yet if more and more Chinese become familiar with olive oil, this point may change in the future.

Product uniqueness: Gallo's olive oil product can be unique in terms of origin and type of product. For one thing, it is possibly the only renowned Portuguese olive oil being sold in China, and for many years the Chinese customers have only seen Spanish and Italian olive oil.

Similar products: As mentioned the previous point, there would be plenty of similar products in China, although Gallo has its uniqueness, it also faces fierce competition if the buyer is not someone who likes to try new products.

4. Suppliers:

Gallo's role: Gallo is not a maker of olive oil, but rather a refiner of olive oil: it samples many types of olive oil and creates blends. Thus, Gallo would have plenty of power to negotiate with olive oil suppliers around Europe and South America.

5. Competition:

See 4.1.2.

6. Complementary products:

Mediterranean Cuisine: Olive oil has a strong connection with Mediterranean cuisine, and it is one of the most important part of this cuisine culture. Since Mediterranean cuisine spread from the origin countries to almost all the western world because of its healthy characteristics, olive oil also has been an necessary diary product for normal people in Europe, USA or even Latin American. Although there is no space for olive oil in the traditional Chinese cuisine, with the firmly development of the economy and the rise of middle class in China, more and more customers started to pay much more attention to health and also to add Mediterranean cuisine elements to their daily diets.

4.1.2. Competitor and Competition Environment Considerations

In this second section, the paper analyses the competitors and competition environment considerations based on the SWOT Analysis.

1. Strength:

Macau: Unlike Spain and Italy, Portuguese use to have a colonial port in China. Although Macau was returned to China, it is still considered culturally as a part of the Lusophone world. Such historical connection could potentially facilitate the establishment of an oversea office or at least an observatory outpost.

Innovation: Gallo's olive oil product become famous largely due to its innovation in its experience in creating different sorts of olive oil to meet the needs of distinct types of people. Gallo can do the same in the Chinese market.

2. Weaknesses:

Consumer resistance: By now, a certain degree of education about olive oil has been achieved. However, Chinese consumers have not considered olive oil to be an equal to other types of vegetable oil, which they have been long accustomed to. Such cultural resistance is still existent and would take relatively long time to overcome.

Being Portuguese: Gallo is a Portuguese brand, this plays to the brand's advantage in the Chinese market, as mentioned earlier, now the market is dominated by Spanish and Italian brands, and Gallo can be perceived as a new and perhaps more elite brand given its uniqueness.

National support: Politically, agreements between China and Portugal cannot reach the level of Sino-Spanish relationships. Chinese government pays more attention to develop the relationships with Spain both in political and economic areas considering Spain has a huge impact on almost all the Latin American countries except Brazil. Moreover, Gallo, being the only Portuguese olive oil in China also means that the company need to deal with local authorities directly and alone.

Lack of Local Office: By 2011, Gallo has only one collaborator in Shanghai, although it helped Gallo to establish many local connections, it is still in nature a distributor and cannot fulfilled the functions of a local office. Gallo has been searching for another distributor in 2014, and no further evidence showed it has the determination to expand its investment in a local team in China.

3. Opportunities:

More Educated Customers: Nowadays, because of the earlier entry of Spanish and Italian brands into the Chinese market, they have already done a lot of work in educating the Chinese population about the olive oil product and its benefits. The branding of the olive oil as a product is a done job. This means that Gallo can spend more time in diversifying its products rather than doing the whole education job all over again.

Rapidly urbanizing cities: Chinese economy is still on the rise, the cities other than Beijing and Shanghai are rapidly urbanizing. More importantly, such urbanization is usually accompanied with a certain degree of assimilation of Western culture. Olive oil could become of a part of this trend.

4. Threats:

Competing to occupied: Almost all olive oil producers are competing within the Chinese market now, making this competition very fierce. The Spanish companies may have been the most successful so far. Gallo would need to face very tight competition for the years to come.

Level of advertising expenses: As the advertising industry in China is also changing (perhaps more rapidly and diversely than that in Europe), advertising now requires more investment than before, since companies now need more people who really understands social media and algorithms of recommendation systems provided by JD.com or Baidu (like Google or Facebook's service in Europe).

Existing Halo Effect: Because Spanish and Italian brands were the first to enter Chinese market on a large scale and face the mass public, these brands may have already cultivated certain kinds of halo effect (Pecotich & Ward, 2007): in other word, like people would associate cameras with Japanese brands, olive oil may have certain degree of association with Spanish or Italian brands.

4.1.3. Barriers of Entry

In this third section, the paper uses the brand internationalization model explains what to do in order to face the barriers of entry. This model is developed by Ghantous and Aix-Marseille (2008), and it takes into consideration of factors such as global vocation and homogeneity of the global demand.

The Strategic Mark-up for Product Internationalization is the new method to be used. The international vocation stands for a service/product's functionality in different parts of the globe. Food products such as olive oil is typically less internationally relevant because of their ecological tolerance. Even industries such as fast food would accustom to their local native environment when they are entering a new realm. The existing

research should therefore take account of the poor international vocation for olive oil. The estimation of global demand homogeneity is crucial to the study of this scenario, as it has a strong influence on the strategy's distribution. A machine is an instance of a service of total market homogeneity. The need of a machine is the same in any part of the world and its implementation is also provided. As far as olive oil is concerned, the case is somewhat different. There are two classes of demand for this product: inside and outside the Mediterranean. Although in any Mediterranean nation per capita consumption is not the same, usage trends and consumption patterns are the same. The market is unique outside this area. Some countries with existing consumption of olive oil, such as China, Brazil, India and the United States, are witnessing increasing levels of olive oil consumption. Gallo should be made aware that olive oil recognition and consumption has not been similar in distinct parts of the global market. Therefore, Gallo's goal is to educate people in less olive-oil-liking parts of the global market to like and use the product. The organization must therefore expect a single global demand. Gallo will follow the global Brand approach with these two factors in mind.

1. Environmental factors:

Religion: Most Chinese people do not have religion. Its element does not have any positive or negative implications. This creates further opportunities for Gallo to normalize what Gallo and its Chinese translation mean for the customers. The pronunciation of a term poses an obstacle to a product entry in several famous cases in business management (e.g. The “NOVA” car in Mexico has been a failure partly due to its meaning in Spanish: “No Va = does not go”). This phenomenon can be equally, in not more, important in the Chinese context.

Training: When we regard training as an educational attribute only, nothing affects a product approach.

Technology: Press liberalization and simplicity of global communication enable brands to connect globally. A globalized brand image becomes easier to build.

Economy: As seen earlier, the Chinese economy is growing, so that both high-end products and olive oil are sold more on the market. The implementation of an international image will therefore add to the brand's impression of high quality. Through purchasing local brands and regional awareness, this would be more difficult to achieve.

2. Market Structure:

Competition / seller intensity: Large numbers of brands are already available on the market. Nevertheless, the concentration remains at a baseline level as none of the competitors possesses a considerably high position in the market, in comparison to the market leader with a market share of about 20 percent. When domestic markers were already well known and controlled by share and brand value, it could be a counter-productive idea to march into the Asian market as a global brand, yet, olive oil has always been regarded as a type of foreign product in this continent. With a large amount of different olive oil brands in China mainland now (around 190), very few of them are from Portugal.

Intensity of buyers: Olive oil is the type of product that benefits little from the economy of mass- industrialized production, there is not enough consumers or buyers to produce a large buyer frequency. A medium-term solution is probably the best choice for a brand of olive oil. A generic product, ideal for customers ' needs.

Distribution intensity: Market segments are less homogenous and therefore a product should be less uniform. Olive oil is still less prevalent in contrast to other types of oil in the Asian market, is thus commodified within a small range of similar sectors, the frequency of its distribution can be claimed to be small.

4.1.4. Brand Perception and Influence

In this forth section, the paper will provide the foundation for Gallo's strategy to the Asian market. It is based on the company's emphasis on the business and service. Gallo achieved that when he came onto the market in 2011. Looking back at this image in 2019, we can see that the Chinese market expansion for olive oil remains premature, as previous data indicate. Nevertheless, there was also proof that potential new opportunities would appear in the cities of the second or third tier, because they expand rapidly into the world market, thus the acceptance of western lifestyles by Chinese consumers. The vast unexplored community can surely be given more attention by Gallo. The olive oil styles in China have not improved much at all. Nevertheless, there is still limited space for further consumer diversification.

The model to be used here is the International Advertising–Strategic Alternatives Model for international brand strategy. The matrix is modified and expanded. Adaptation relates to the shift of interaction and/or brand by a company in order to better match foreign market characteristics. The expansion takes place when the company simply utilizes the same contact in the foreign market and/or service. As has already been seen, the Chinese customer is very different from the west in terms of olive oil, so the brand needs to be priced separately and adjusted on the local market. However, the use of olive oil for daily food is no longer a novelty or creative effort in highly developed urban areas in China such as Beijing and Shanghai. Gallo as a Portuguese company might already have lost opportunity to compete with the same kind of commodity and might be best off if Gallo would develop a new kind of olive oil for Chinese people in globalized cities. They're all around Spanish and Italian imported olive oils in this region. Yet, in the rural areas the opportunities are still existence, mainly because of people in rural areas would have a less Country-of-Origin perception about olive oils, and they would not necessarily connect the product with countries such as Spain and Italy, who already dominate the first-level markets.

On the other side, a generic product could create more consumers ' resistance than a local brand in the host country. This impact could be more apparent if a regional product with a large consumer base in the same sector is already developed. On the other end, a company may have more successful relationships as a multinational or regional product, and even tourists abroad can see the same brand. Taking the above argument into consideration, an international solution is the best strategy for Gallo when it joins the Asian market thus retaining the same brand name. The benefits of this move are evident above the negatives. Even when the multi-brand solution is more successful, the features of the olive oil industry and the growth process in Asian territory change the situation in favour of Alashban et al. (2002) a generic label.

4.2. Analysis of Delta's Market Strategies in the Chinese Market

4.2.1. Market Entry

In this first section, the paper analyses the market entry based on the Porter's Six Forces framework.

1. New Entrants:

Forming branches: Delta has not been frequently engaging in partnership with local companies, except for some logistic companies in Macau. Delta started to look for local distributors in 2015 in Shanghai, so it seems that it decided not to enter the market with on-the-ground operations.

Product characteristics: Like Gallo, Delta also has the advantage for being a Portuguese brand as people would like to try new stuff. Yet, the product Delta provides in China: packaged coffee beans, coffee capsules, capsule coffee machines are not that unique in terms of product type.

Market attractiveness: The general market for coffee in China was and is expected to continue growing. The main reason is that people in large cities are getting more familiar with coffee beans and coffee capsules as a part of the coffee drinking culture, as well as due to the continuous expanding of the Chinese coffee market into less developed areas of the country. Coffee education has been small just until recently in China, mainly due to the predominance of tea. The main Chinese consumers don't understand the coffee benefits in their daily lives, and Delta can promote these habits through some advertisements.

These three factors would make the analysis to reach a conclusion that threat of newcomers into the market would be high. More western coffee brands will or have already been interested in expanding their shares in this huge new market.

2. Substitutes:

Buyers' choice of replacement: This factor would be considered as low, with a brief content analysis of the online comment on Taobao, it is obvious that customers who bought a certain brand would stay with that brand. This is especially true for those who decided to invest in a coffee drinking experience that is considered as "luxurious" in China. It is important to know that using coffee capsules, coffee beans and coffee machines is not a common practice in China as a daily practice.

Ease to be replaced: The ease of substitution is low when they start to use Delta coffee and machines, since Delta's coffee machine is comparatively cheaper in comparison to

Italian ones in China. But if coffee beans and capsules are considered, then the ease of substitution is high.

Given what has been discussed in the previous two points, it can be somehow deducted that threat in product replacement in the Chinese market remains low.

3. End Users/ Buyers:

Price sensitivity: People who choose to drink coffee in the way Delta hopes would be at least one of the middle-class people in China. Unlike oil, which is a daily nutrient that Chinese would consume, coffee has been perceived as a more higher-class product by the Chinese people, especially in the South. Thus, these people would be able to tolerate certain price fluctuation or changes.

Product uniqueness: Not that unique except for the nationality of the products.

Similar products: Other substitute products are quite available in China, since now all major coffee makers and distributors go online on to digital B2C platforms to sell their products.

4. Suppliers:

Delta's role: Gallo is not a maker of coffee bean, but rather a maker of coffee products: it samples many types of coffee and creates blends. Thus, Delta would have plenty of power to negotiate with coffee suppliers around Africa and Latin America.

5. Competition:

See 4.2.2.

6. Complementary products:

There are no obvious complementary products for coffee in China. Western style cuisine is an enhancement to propagate coffee drinking habit. But considering most of Chinese customers keep having tea or other drinks in the restaurants which offer western food, the connection between them may not be so obvious.

4.2.2. Competitor and Competition Environment Considerations.

In this second section, the paper analyses the competitors and competition environment considerations based on the SWOT Analysis.

1. Strength:

Macau: Same as Gallo.

Innovation: Unlike the other coffee brands usually sell the same products which already achieved success in other markets, Delta started to stage out special editions for its coffee products in China. They have already put online the special “Jade” edition coffee machine which obviously tries to appeal to the Chinese customers. Chinese customers usually prefer drinking coffee with milk and most of them cannot accept the strong taste of espresso coffee. The special “Jade” edition coffee machine can automatically mix up the milk and capsule coffee with a low price as the basic version of other brands, successfully draws the attention of Chinese coffee consumers.

2. Weaknesses:

Consumer resistance: By now, a certain degree of education about coffee has been achieved. However, Chinese consumers have not considered coffee to be an equal to tea or other traditional Chinese drinks, which they have been long accustomed to. Such cultural resistance is still existent and would take relatively long time to overcome. On the other hand, the size of the country makes it more difficult for mouth-to-mouth marketing to reach many people. The difference between southern and northern China is enormous; Delta should have some understanding of these differences and understand how they should, for example, use different solutions and products in the Northern and Southern region of the country.

Being Portuguese: Delta needs to invest in high-end brands to change the image of Portugal, show consumers their potential, or invest in mass market brands to focus on.

National support: Politically, agreements between China and Portugal cannot reach the level of Sino-Spanish relationships. Chinese government pays more attention to develop the relationships with Spain both in political and economic areas considering Spain has a huge impact on almost all the Latin American countries except Brazil.

Moreover, same as Gallo, being the only Portuguese coffee brand in China also means that the company needs to deal with local authorities directly and alone.

Lack of Local Office: The international coffee brands such as Starbucks or Costa has already opened hundreds of shops in different Chinese cities, even Delta's role is rely on the E-commerce to sell coffee products like capsules, the Portuguese company has already lost the best period to establish its brand influence among the normal Chinese customers.

3. Opportunities:

Same as Gallo.

4. Threats:

Competing to occupied: Actually, although there are many foreign players on the ground, the competition may not be that fierce for Delta. This is because that the number of major competitors is small. Yet, there is the danger of local or foreign copycat brands, such as two companies in Vietnam and Laos also produce "Delta" coffee. This should be one of the issues for Delta to address. Considering Delta did not put the Chinese market as one of the priorities, its Chinese office is lack of professional local law team to deal with copycat issues or even notice that. This is one of the reasons the other small companies chose Delta as their target, not Starbucks or other international brands which already been popular in China. Delta as a brand name is still not very reputable among coffee drinkers, so it faces copycats in the market who is already trying to hitchhike on Delta's expansion in China. As has been analysed earlier, there are not many competitors in the same product category to Delta. This statement, while being true for the foreign brands, does not illustrate the whole picture if we are considering the Chinese mock-ups of coffee machines. Yet, coffee machines would not stand as a vital factor here because it is ultimately the sale of coffee beans and capsules that give rise to more profit.

Level of advertising expenses: Same as Gallo.

Existing Halo Effect: Because American and Italian brands were the first to enter Chinese market on a large scale and face the mass public, these brands may have already cultivated certain kinds of halo effect (Pecotich & Ward, 2007): in other word, like people would associate cameras with Japanese brands, coffee may have certain degree of association with American or Italian brands.

4.2.3. Barriers of Entry

In this third section, the paper uses the brand internationalization model explains what to do in order to face the barriers of entry. This model is developed by Ghantous and Aix-Marseille (2008), and it takes into consideration of factors such as global vocation and homogeneity of the global demand.

Same as Olive oil which the paper mentioned before, food products such as olive oil is typically less internationally relevant because of their ecological tolerance. There are two classes of demand for coffee product: Western and Eastern countries. Although between USA, Europe or Latin American per capita consumption is not the same, usage trends and consumption patterns are the same. The market is unique outside this area. China, as a traditionally tea-consuming country, counts a growing number of coffee drinkers, most of which are young and for whom coffee symbolizes a modern western lifestyle. With this market expansion, coffee consumption in China has been increasing at double-digit rates in recent years. This trend does not seem likely to abate as the primary consumers of coffee are becoming major wealth makers (ICO, 2015). Delta must therefore expect a single global demand. Delta will also follow the global Brand approach with these two factors in mind.

1. Environmental factors:

Same as Gallo.

2. Market Structure:

Competition / seller intensity: Although Chinese coffee production has soared in the last decade, the quality of coffee produced in China has increased slowly over a long period of time (ICO, 2018). Two elements curb quality development: a lack of improved coffee seeds and an immature coffee market. This situation caused many international coffee brands entered Chinese market without local competitors. Unlike in the western countries, most of these international coffee brands such as Starbucks and Costa, decided to take high-end route and open coffee shops directly to the local customers in big cities. Before 2011, Portugal's coffee export to China is reported as zero. For Delta, obviously choose a different way such as E-commerce is wise to avoid directly conflicts with other international competitors.

Intensity of buyers: Coffee is the type of product that benefits little from the economy of mass- industrialized production, there is not enough consumers or buyers to produce a large buyer frequency. A medium-term solution is probably the best choice for a brand of olive oil. A generic product, ideal for customers ' needs.

Distribution intensity: One major way Delta distribute its product is through local representatives, and then online B2C markets. The distribution intensity would be low if only store distributor is considered. But the distribution intensity is considerable acceptable given the rise of the e-commerce in China.

4.2.4. Brand Perception and Influence

Having a local distributor on the ground, doing all the messy work for Delta can be cost saving in short terms, but this is not the optimal choice. Given the great potential of the market. It is better for Delta to experimentally set up its own oversea office in Shanghai. Much of the logistics procedures have been largely simplified with the companies such as Taobao. This biggest e-commerce company now has his own storage house all over China and their own logistic chains. In the past, Delta has not been able to deal directly with either Taobao in China given the fact that it has not established a regional sub-branch, but totally relying on local distributors. This was detrimental for Delta as many other brands, even brands like Starbucks, which is not traditionally a coffee bean seller, has official connections with Taobao, its bagged coffee beans can reach to any Chinese customer in less than 36 hours in majority of Chinese cities. Delta then quickly solved the problem by establishing an affiliated company in Shanghai in 2014 (Delta Food Shanghai Co, Ltd.). After 5 years of operation, Delta now has a solid base in Taobao where its products can reach Chinese consumers faster and cheaper.

With a globalized product, marketing costs are affected directly. Endeavors of brand unification is obviously lower than several labels. Everything for a single brand is much more effective. Promotion, distribution and packing make the greatest savings. While stock costs are not so important, they do help to reduce costs. It is therefore obvious that it is the adoption of a standardized brand that makes enterprises on the market more effective. It is very necessary to Delta, a business which joins the established markets, to make the least expenditure possible because the customer base has not yet been set up.

4.4. Comparison of Strategies of Gallo and Delta

In this part the paper will compare the strategies discussed/suggested above for the two different (in terms of entry time and current market conditions) but similar (in terms of product type). This part will first discuss how traditional strategies differ, and then supplement such discussion with another subheading focusing on marketing strategies on online market such as Taobao.

4.4.1. Similarities

Priority of the Chinese market: For either Gallo or Delta, it can be seen obviously that the Chinese market is not one of their top priorities. Both companies have adopted indirect approach to the Chinese market by dealing with local distributors. However, unlike other foreign brands, such as Spanish brands for Gallo and Italian brands for Delta, both of the Portuguese companies seems to have not given the Chinese market any priority.

Positioning: Both these two brands have positioned themselves as just another European brand in the Chinese market of olive oil and coffee in the past, are currently trying to establish themselves as a distinguished Portuguese brand in China. One thing they are in common is that they have benefitted from this European origin, but they have played less in the role of diversifying themselves from other European brands. Recently (as of September 2019), in the case of Delta coffee, this situation is changing. In much of the advertisements, Delta is re-branding itself as a “Portuguese brand”. Yet, Delta’s local distributors still uses expression such as “Italian style Espresso” in the advertisement of Delta coffee capsules.

4.4.2. Differences

The Nature and the Local Culture for the Product: Obviously, Gallo and Delta sell different products. Culturally, olive oil is a new concept for many Chinese customers a decade ago, is still a product many Chinese have never tried in their life. Coffee, on the other hand, coffee as a daily beverage has come to China many more decades ago, and after opening in China, it has already become universally known to the Chinese consumers. Chinese consumers can be more knowledgeable to coffee than to olive oil.

Entry Strategies: A direct result of the local culture level of the two products led to significant differences of the entry strategies of Gallo and Delta in China. Gallo, as a later comer compare to the Spanish and Italian olive oil companies, shared less burden in educating the Chinese consumer about what olive oil is, but would grow dependency on such education level. Much of its tasks 5 years ago was to diversify its products from the Spanish and Italian ones, while also educating new consumers its distributors could reach. Delta, on the other hand, did not face much of the educational problem as Chinese consumers are already well aware of what coffee is. With the emergence and outbreak of coffee stores in China such as Starbucks, Costa and Luckin (a domestic company), Delta as a coffee bean, grounded coffee, coffee capsule and coffee machine seller benefitted with the tide of further extra-ordinarization of coffee as a daily beverage for Chinese consumers. The main priority of Delta was to establish itself as a globally trusted coffee brand in China, as well as a premium Portuguese product. With the establishment of its Shanghai branch company in 2014, Delta has gradually achieved its goals. Delta also use its chain store in Macau as an Asian market logistics centre to support the business in the Asian countries. Although the majority of the Delta customers in Macau is Portuguese or people from western countries, this chain store has already started to sell its own coffee products directly to the mainland of China through Alibaba by using preferential tax measures.

4.5. Proposing and Comparing Online Marketing Strategies

4.5.1. Interaction

An important part of the online marketing practice happens at the online stores with the customer reviews. Research has shown that reviews could have a significant impact on potential customers' purchase intention. Gallo and Delta have both engaged in the interaction with customers' reviews. By analysing Fig. 8 and Fig. 9, we can see that Delta has done a much better job than Gallo on Taobao in terms of interacting with the customers reviews (frequency-wise speaking), no matter such review is negative or positive (The yellow part is the customer's reply, Delta tends to reply their clients more details with better attitude).

As a result, the current sales of main product of these two brands has huge differences. Gallo's extra virgin classic olive oil, which is one of the most popular oil products in Portuguese market, was sold only one bottle in December of 2019 (Figure 8). On the other hand, the Delta's capsule coffee (10 capsules of strongest taste version), which does not fit most Chinses customer's preference, made a sales record of 110 in the same period (Figure 9), no matter to say the capsule coffee machine is still very rare in China.

FIGURE 8 – Gallo's Taobao Product Sales and Discussion Board.



月销量 1 means the amount sales in the last month is 1 piece.

讨论区

买家昵称	评价内容	卖家回复
h***1 (匿名)	初次评价: 包装严实, 好几瓶。好评	
	收货17天后追加: 挺好的	
c***5 (匿名)	好评: 亲的满意就是我们最大的鼓励, 我们将继续坚持优质的产品和用心的服务, 为亲带来更好的体验~	
沙***方 (匿名)	2018.11.22 双11, 9.9元抢到的, 油很好, 一直使用它	
d***3 (匿名)	2018.11.19 对油没有太大的感地, 感地还可以吧, 就是快递真的好像, 同城, 我做公交车自己开车也不用两个小时, 发快递给我发了三天, 后面都是来拿, 终于收到我需要的宝贝了, 东西很好, 价廉物美, 谢谢掌柜的! 说实在, 这是我淘宝购物来让我最满意的一次购物。无论是掌柜的态度还是对物品, 我都非常满意。掌柜态度专业热情, 有问必答, 回复也很快, 我问了不少问题, 他都不厌其烦, 都会认真回答我, 这对我购物真是莫大的帮助, 这样的好事可不多。再讲宝贝, 正是我需要的, 收到的时候包装完整。	
	2018.11.25 终于收到我需要的宝贝了, 东西很好, 价廉物美, 谢谢掌柜的! 说实在, 这是我淘宝购物来让我最满意的一次购物。无论是掌柜的态度还是对物品, 我都非常满意。掌柜态度专业热情, 有问必答, 回复也很快, 我问了不少问题, 他都不厌其烦, 都会认真回答我, 这对我购物真是莫大的帮助, 这样的好事可不多。再讲宝贝, 正是我需要的, 收到的时候包装完整。	

Source: Taobao (December.2019).

FIGURE 9 – Delta's Taobao Product Sales and Discussion Board.

月销量 110 means the amount sales in the last month is 110 pieces.

DELTA Q葡萄牙进口10号浓烈胶囊咖啡10粒液体浓缩适用delta胶囊机
浓烈 野心 强度 大力士

价格 ¥ 56.00
促销价 **¥ 46.00** 店铺活动

上海 至 Portugal

月销量 **110** | 累计评价 **89** | 送天猫积分 **23**

大力士10号

数量 1 件 库存59件

立即购买 **加入购物车**

delatq旗舰店

商品详情 累计评价 加入购物车

2017.11.25

解释：亲爱 很抱歉双十一客户较多，没有能及时回复您！ DELTA旗舰店是准299包邮的哈~ 我们网店店铺地址是可以使用的哈~DELTA Q为葡萄牙进口咖啡，亲爱选择的这款葡萄牙咖啡， 最后到您收货的时候~我们会加邮费， 还将包邮送到您的家哦！ 最后您还可以通过每天在DELTA的咖啡香中醒来——delatq旗舰店

初次评价 2018.01.15

说见过这么差的咖啡， 真是咖啡神机， 全是粉粒物， 先看了看前面的评价才买的， 没想到有这大的差距， 已经开封了， 又不能退， 很尴尬！

收货当天追加：

说见过这么差的咖啡， 真是咖啡神机， 全是粉粒物的颗粒， 先看了看前面的评价才买的， 没想到有这大的差距， 已经开封了， 又不能退， 很尴尬！

解释：您好， 亲， 很抱歉让您的体验不愉快， 不过DELTA 咖啡都是属于纯咖啡， 并非速溶哦！ 您平时喝的速溶咖啡是可溶于水的颗粒， 并且已经添加了的糖精糖等辅料， 实质是一种饮料， 品质好的咖啡是以用机器进行萃取的或者通过进行手工研磨~DELTA咖啡是属于咖啡豆研磨的颗粒， 作为葡萄牙进口咖啡， 口感比速溶咖啡更加醇厚， 也深受咖啡的客户的欢迎和好评， 因为我们根据跟不上您， 希望可以解决您的烦恼得到您的理解哈！ 最后祝您每位亲都可以在DELTA咖啡的浓香中醒来——DELTA Q旗舰店

初次评价 2017.12.29

咖啡收到了， 喝了几次才来给评价， 味道很醇， 跟普通速溶咖啡不一样， 咖啡的口感也很好， 谢谢店家推荐的咖啡， 感觉不错！ 快递也很给力， 另外物流很快， 客服的态度也很好， ??

收货5天后追加：

粉很细， 特地网上查了一下， 葡萄牙比亚里港的粉， 是进口的， 好喝， 不贵！

解释： DELTA Q/沙咖啡是葡萄牙的标志性国民咖啡品牌， 连续十年被评为葡萄牙最佳速溶咖啡品牌， 葡萄牙咖啡神机的佳音， 让您享受它的精心和用心， 并感受咖啡文化的魅力， 感谢亲的选择与支持， 希望您每天都可以在DELTA咖啡的浓香中醒来——DELTA Q旗舰店

解释仔细， 日期很近， 口味纯正好喝。

2018.02.02

解释： DELTA Q/沙咖啡是葡萄牙的标志性国民咖啡品牌， 连续十年被评为葡萄牙最佳速溶咖啡品牌， 葡萄牙咖啡神机的佳音， 让您享受它的精心和用心， 并感受咖啡文化的魅力， 感谢亲的选择与支持， 希望您每天都可以在DELTA咖啡的浓香中醒来——DELTA Q旗舰店

初次评价：

包装精美发货快， 口味纯正， 很香很正宗。

Source: Taobao (December.2019).

4.5.2. Brand Awareness

Creating brand awareness online can be tricky and difficult. Given the particular capriciousness of Baidu, the largest search engine in China, Gallo and Delta both do not have good visibility when a searcher just searched for product categories such as “olive oil” or “coffee beans”. While buying the ranking of search results can be expensive for these two relatively new entrants to the Chinese online market, Gallo and Delta could both take advantage of the third-party rankings made by different sources online. For example, the Spanish olive oil brand Betis has appeared in many of the third-party ranking of “the best 10 olive oil brands to get in China”. Gallo and Delta definitely needs more time and patience to cultivate their connections with the media in the future, yet, at Gallo’s initial approach showed that the company is well aware about how to create brand awareness in China: in 2011 when Gallo first entered Chinese market, it co-hosted a cuisine competition with the Association of Culinary Arts of Shanghai. Similar logic could be adopted in the online promotion as well.

4.5.3. Brand Perception

On the portal page of its Taobao store, Gallo has carefully designed its first appearance to any who clicked into the store. Many of the features that Gallo is emphasizing for the customers follows a very traditional pattern: like what the Spanish brands did when first entering China, Gallo emphasized the health effects of olive oil utilization in food preparation. Gallo has also creatively associated such healthy effect with the well-being of babies: about whom every family would care the most (Figure 10). Yet, Gallo has not promoted its research in the Chinese market enough: for instance, Gallo has specially chosen and developed a kind of olive oil, which has less than 2% of acid components, for the Chinese markets. The main reason is that Chinese customers do not have deep knowledge about olive oil as the European ones, and most of them only focus on the percentage of acid. For normal Chinese customers, the lower percentage of acid, the better. Considering most of the Chinese traditional dishes are using the way of frying, it could hardly notice the taste differences between the olive oil products. Chinese customers usually appreciate product localization of foreign companies, so mentioning a Chinese-centred product developed by Gallo could be very effective. However, Gallo also

faces the dilemma that some customers may regard original “foreign products” to be more valuable, more luxurious than those localized products. Thus, it seems that Gallo’s move is still somehow conservative, following the idea of creating its products as a possible “premium gift” for the Chinese customers, while also gradually attempt to persuade buyers that the oil could also be used on a daily basis.

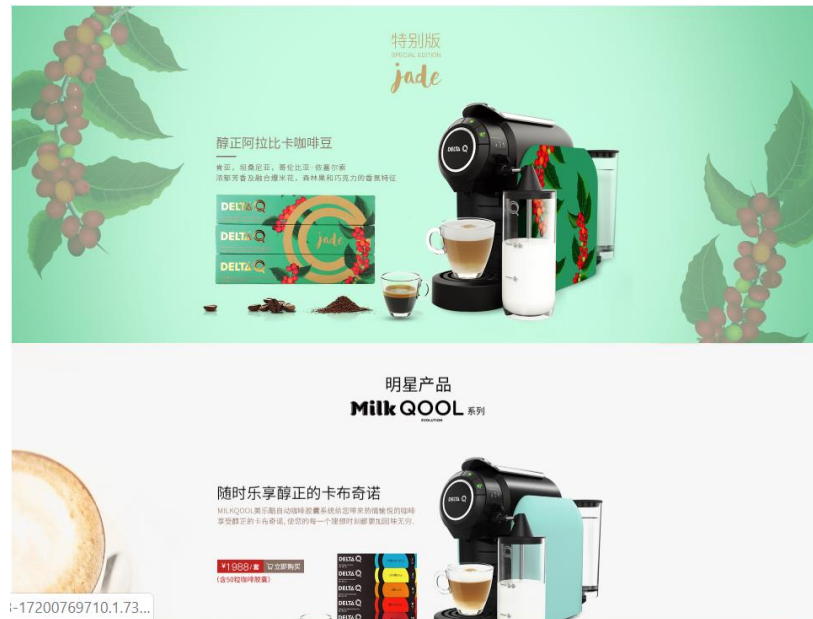
FIGURE 10 – Babies in Gallo Web-Store Portal.



Source: Taobao (December.2019).

Delta, on the other hand, has a different focus in its web store design. Generally, Delta is trying to build the store as a high-end, professional coffee store. It has emphasized that “with the Delta coffee machine, you can be a coffee expert as well”. It has already made its way into the further diversification of its product inventory: for example, Delta started to stage out special editions for its coffee products. And the special “Jade” edition obviously tries to appeal to the Chinese customers (Figure 11). Moreover, Delta has further established a membership program, and all customers who made an effective purchase on its Taobao store would automatically become its member. The membership program is another illustration of how Delta wants to further cultivate customer loyalty in an online environment.

FIGURE 11 – Delta Launches its Localized "Jade" Coffee Series.



Source: Taobao (December.2019).

5. CUSTOMER SURVEY

In order to give more insight into the customer's behavioural patterns in terms of demographic differences and purchase habits. Two surveys were performed with participants of olive oil and coffee in China.

Universe: 100 Chinese consumers. 42 people are males and the rest 56 people are females. 56 people are between 15-30 years old, 24 people are between 31-45 years old, and the rest 20 people are between 46-60 years old.

Sampling Frame: Sampling frame is set by a professional Chinese survey company. 280 people received the survey questionnaire and 100 of them answered and sent back the survey (After received 100 valid answers, the survey company stopped sending and receiving process).

Sample: Non-probability sample from the existing panel hold by survey company.

Data Collection: The questionnaire was distributed online through the platform.

5.1. The Result of Customer Survey

With the results from the survey, it can be seen clearly that for either olive oil or coffee, online shop appearance is not the significant predictor of the consumers' impression on the product. Generally, the price could influence how coffee purchasers evaluate the coffee's quality. Yet, such effect was not existent for olive oil. Gender was the only significant predictor the olive oil quality. Moreover, mean comparisons using various demographic variables showed that people in different demographic categories have different purchase-related behavioural patterns and thus should be considered differently by the two companies. Such demographic difference is still less prevalent in the olive oil case: perhaps this is because that olive oil is still a less-acknowledged product in China overall.

6. CONCLUSION

In this thesis we have reviewed and compared two companies' status, strategies and online activities in China. With the several analytical models that were included, the thesis was able to discover some similarities and differences that Gallo olive oil and Delta coffee have in China in terms of environment and strategies. The case analysis has been able to yield rich qualitative data on how the companies are doing in China, as well as how they are different/similar to each other, and possibly what should they continue doing in the Chinese market.

It was found that Gallo and Delta are similar because of their Western origin, and as well the Western origin of their products. Both of them need to deal with cultural differences, and also engage in some kind of product education when it enters the market. Yet, Unlike Gallo, who has been a relative later-comer comparing to Spanish and Italian olive oil companies, Delta has been in literally the first wave of "deeper coffee education" in China. Delta does not hold coffee houses in mainland of China, so it benefits from being framed as a more professional and niche brand in the market. Gallo, on the other hand, has not been able to operate like Spanish and Italian brands in China, some of the this may be due to governmental policies, but Gallo could obviously have done a better job in engaging in the heavy battle in the first place. Thus, unlike Delta is still educating Chinese customers about grounded coffee and professional coffee making today, Gallo

did not get into the market and do the education job, its strategy is more dependent on what the Spanish and Italian brands have done.

That said, olive oil as a food product may be far less accepted by the Chinese people than coffee. The practice of drinking coffee can be traced back way back to the time of the Republic of China (1920s- 1930s), yet due to the uniqueness of the Chinese cuisine, olive oil has not become comparable to vegetable oil and animal fat in China. Fundamentally speaking, coffee as a Western beverage bears is similar to tea as a beverage in China: it needs some preparation, some professionalism and can be used as either daily drink or gift, their price range is also very similar.

Olive oil, on the other hand, does not bear that much in common with other types of vegetable oil in China: the latter is very cheap and Chinese people's consumption of oil in their dishes is immense compare to that of western cuisine. Thus, these conditions have made olive oil a drastically different product than its Chinese counterparts. As a result, when olive oil first entered China, it was immediately associated with gift and luxurious food. This further limited its sales in mass volume in China. Moreover, while Japan is also an Asian country and it consumes a lot of olive oil, China does not have that many Western restaurants on the street, thus the whole country's demand for olive oil is not comparable to other culturally Westernized countries in the region.

In terms of their online strategies, Delta's branch company in China definitely gave it a better place in the online B2C market: as we compared earlier, Delta's local marketing team appears to be more careful and was able to rapidly implement sale channels as the e-commerce technologies evolve in China. Delta has also been paying attention perhaps to what the Chinese customers like and want to see in their product lines, as it already staged their localized product series "Jade" Delta coffee. Moreover, Delta's online team was more responsive to customer comments: no matter how the online store managed to do this, this shows at least two things: first, Delta must have already acquired high-quality local people who understand the Chinese online customers to do the customer service; second, Delta may have been increasing its investment in the Chinese market and upgrading its local network.

As a concluding note, the thesis is hoped to provide some updated insight into the two companies' operation in China, as well as the difference and similarities in their operation.

The focus on the online platform may hopefully provide future studies to look deeper into the phenomenon and come up with detailed models for strategies in foreign online B2C environments.

REFERENCES

- Alashban, A. A., Hayes, L. A., Zinkhan, G. M., & Balazs, A. L. (2002). International brand-name standardization/adaptation: Antecedents and consequences. *Journal of International Marketing*, 10(3), 22–48.
- Alibaba. (2019). Alibaba Group Overview—alibaba.com.cn.
Retrieved July 21, 2019, from <https://www.alibabagroup.com/en/about/overview>
- Ansoff, H. I. (1957). Strategies for diversification. *Harvard Business Review*, 35(5), 113–124.
- Arias, C., & Tristán, A. (2008). *Oportunidades para el café en China*. Informe de visita al mercado, PROCOMER.
- CGTN. (2018). China and Portugal's strategic relationship—cgtn.com.cn.
Retrieved July 15, 2019, from https://news.cgtn.com/news/3d3d414e7851444d31457a6333566d54/share_p.html
- China Daily. (2017). Coffee brings prosperity to Yunnan farmers—Chinadaily.com.cn.
Retrieved July 21, 2019, from <https://www.chinadaily.com.cn/a/201712/15/WS5a3310d5a3108bc8c6734cdb.html>
- Daxue Consulting. (2018). The Olive Oil Industry in China I Daxue Consulting.
Retrieved September 6, 2019, from <https://daxueconsulting.com/the-olive-oil-industry-in-china/>
- Ghantous, N., & Aix-Marseille, I. I. I. (2008). Brand internationalization strategy beyond the standardization/adaptation dichotomy. *Thought Leaders International Conference on Brand Management*, 15–16.
- Humphrey, A. S. (2005). SWOT analysis. *Long Range Planning*, 30, 46–52.
- International Olive Council. (2019). World Olive Oil Figures—International Olive Council. Retrieved September 6, 2019, from <http://www.internationaloliveoil.org/estaticos/view/131-world-olive-oil-figures>
- International Trade Centre. (2019a). Trade Map—Bilateral trade between China and Portugal. Retrieved May 30, 2019, from https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c156%7c%7c620%7c%7c0901%7c%7c%7c4%7c1%7c1%7c1%7c2%7c1%7c1%7c2%7c1
- International Trade Centre. (2019b). Trade Map—List of importing markets for a product exported by Portugal. Retrieved July 6, 2019, from https://trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c620%7c%7c%7c%7c1509%7c%7c%7c4%7c1%7c1%7c2%7c2%7c1%7c2%7c1%7c1
- International Trade Centre. (2019c). Trade Map—List of supplying markets for a product imported by China. Retrieved July 31, 2019, from https://trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c156%7c%7c%7c%7c1510%7c%7c%7c4%7c1%7c1%7c1%7c2%7c1%7c2%7c1%7c1
- Kaifer, J. G. (2015). El mercado del aceite de oliva en China Diciembre 2015. Retrieved September 6, 2019, from <http://www.magramaenchina.com/administrator/assets/uploads/original/1516177889.pdf>
- Keegan, W. J., Green, M. C., & Fu, H. (2005). *Global marketing* (Vol. 7). Prentice Hall Upper Saddle River, NJ.
- Martinsons, M. G. (2002). Electronic commerce in China: Emerging success stories. *Information & Management*, 39(7), 571–579.
- Maslow, A. H. (1943). A theory of human motivation. *Psychological Review*, 50(4), 370.

- Moratalla, M. (2017). China amenaza el negocio español del aceite: Plantará 59 M. de olivos. Retrieved July 19, 2019, from https://www.vozpopuli.com/economia-y-finanzas/empresas/China-observa-espanol-espolear-produccion_0_992001528.html
- McKinsey Consumer & Shopper Insights. (2012). Meet the 2020 Chinese Consumer. Retrieved June 22, 2019, from <https://www.mckinsey.com/~media/mckinsey/featured%20insights/asia%20pacific/meet%20the%20chinese%20consumer%20of%202020/mckinseyinsightschina%20meetthe2020chineseconsumer.ashx>
- O Jornal Económico. (2017). Delta Cafés à venda no gigante online Alibaba. Retrieved June 30, 2019, from <https://jornaleconomico.sapo.pt/noticias/delta-cafes-a-venda-no-gigante-online-alibaba-225506>
- Pecotich, A., & Ward, S. (2007). Global branding, country of origin and expertise: An experimental evaluation. *International Marketing Review*, 24(3), 271–296.
- Porter, M. E. (1990). The competitive advantage of nations. *Harvard Business Review*, 68(2), 73–93.
- Porter, M. E. (1979). The structure within industries and companies' performance. *Review of Economics and Statistics*, 61(2), 214–227.
- Porter, M. E. (2008). *The five competitive forces that shape strategy*. Retrieved from <http://elibrary.kiu.ac.ug:8080/jspui/handle/1/510>
- Radnic, M. (2011). 某智利橄榄油品牌在中国的市场战略 (硕士, 上海交通大学). Retrieved from <https://kns.cnki.net/kns/detail/detail.aspx?QueryID=23&CurRec=1&recid=&FileName=1013003695.nh&DbName=CMFD201301&DbCode=CMFD&yx=&pr=&URLID=&bsm=>
- Rogers, E. M. (2010). *Diffusion of innovations*. Simon and Schuster.
- Silva, Ana. R. (2012, October 17). Delta quer ser uma marca global e prepara entrada em dez novos países. *Publico*. Retrieved from <https://www.publico.pt/2012/10/17/economia/noticia/delta-quer-ser-uma-marca-global-e-prepara-entrada-em-dez-novos-paises-1567784>
- Tradingeconomics. (2019). China Urban Households Disposable Income per Capita | 2019 | Data | Chart. Retrieved September 1, 2019, from <https://tradingeconomics.com/china/disposable-personal-income>
- Türkekul, B., Günden, C., Abay, C., & Miran, B. (2010). Competitiveness of Mediterranean countries in the olive oil market. *New Medit*, 9(1), 41–46.
- United States Department of Agriculture. (2019). *Coffee: World Markets and Trade*. Retrieved from <https://apps.fas.usda.gov/psdonline/circulars/coffee.pdf>
- US-China Institute. (2019, June). The Evolution of China's Coffee Industry | US-China Institute. Retrieved September 11, 2019, from <https://china.usc.edu/evolution-china%E2%80%99s-coffee-industry-0>
- USDA. (2019). China Olive Oil Domestic Consumption by Year (1000 MT). Retrieved September 12, 2019, from <https://www.indexmundi.com/agriculture/?country=cn&commodity=olive-oil&graph=domestic-consumption>
- Verlegh, P. W., & Steenkamp, J.-B. E. (1999). A review and meta-analysis of country-of-origin research. *Journal of Economic Psychology*, 20(5), 521–546.

APPENDIX

Survey Questionnaire

Survey Questionnaire of Olive oil

1. If you have ever purchased olive oil or not? (Yes or no)
2. What do you think about olive oil from different countries?
3. If you have ever purchased Portuguese olive oil or not? (Yes or no.)
4. If you have ever purchased Gallo olive oil or not? (Yes or no.)
5. Will you search olive oil on the e-platform? (Yes or no.)
6. How do you think about Gallo's e-commerce shop? (Likert scale 1-5.)
7. Which price you can accept about olive oil? (Numbers.)
8. Where you will buy olive oil? (Supermarket; non-staple restaurants; e-commerce platforms; micro-businesses; the others.)
9. The use of olive oil? (Chinese food; western food, including salad; gifts; the others.)
10. Do you pay attention to dietary health? (Likert scale 1-5.)
11. Do you think olive oil is in line with the Chinese food taste habits? (Likert scale 1-5.)
12. Will olive oil be more popular in China? (Likert scale 1-5.)

Survey Questionnaire of Coffee

Similar questions as Olive oil.

Data Analysis & Results

Data Analysis & Results of Olive Oil

1. If you have ever purchased olive oil or not? (Yes or no)

TABLE I

QUESTION: IF YOU HAVE EVER PURCHASED OLIVE OIL OR NOT?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	48	48.0	48.0	48.0
	Yes	52	52.0	52.0	100.0
	Total	100	100.0	100.0	

2. What do you think about olive oil from different countries?

TABLE II

DESCRIPTIVE STATISTICS

	Number	Minimum(Min)	Maximum(X)	Average(E)	Std.Deviation
Olive oil from Spain	100	1.00	5.00	3.9400	1.12654
Olive oil from Italy	100	1.00	5.00	4.0200	1.03455
Olive oil from France	100	1.00	5.00	3.6000	1.36330
Olive oil from United States	100	1.00	5.00	2.3600	1.37452
Olive oil from Portugal	100	1.00	5.00	2.7000	.90453
Olive oil from others	100	1.00	5.00	2.8400	1.24495
How is Gallo e-commerce shop	100	1.00	5.00	3.6200	1.13511
The price of olive oil	100	60.00	75.00	67.3200	4.58121
Paying attention to dietary health	100	1.00	5.00	3.5200	1.22664
Olive oil is in line with the Chinese food taste habits	100	1.00	5.00	3.2400	1.05524
Valid N	100				

TABLE III

DESCRIPTIVE

Olive oil from Portugal								
	N	Mean	Std.Deviation	Std.Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
15-30	56	2.7500	1.03133	.13782	2.4738	3.0262	1.00	5.00
31-45	24	2.6667	.63702	.13003	2.3977	2.9357	2.00	4.00
46-60	20	2.6000	.82078	.18353	2.2159	2.9841	1.00	4.00
Total	100	2.7000	.90453	.09045	2.5205	2.8795	1.00	5.00

TABLE IV

VARIANCE HOMOGENEITY TEST

Olive oil from Portugal			
Levene	df1	df2	Sig.
2.312	2	97	.105

TABLE V

ANOVA

Olive oil from Portugal					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.367	2	.183	.221	.802
Within Groups	80.633	97	.831		
Total	81.000	99			

From the above table, we can see that there is no significant difference in the opinions of different age groups on the quality of olive oil from Portugal ($F = 0.221$, $p = 0.802 > 0.05$).

3. If you have ever purchased Portuguese olive oil or not? (Yes or no.)

TABLE VI

QUESTION: IF YOU HAVE EVER PURCHASED PORTUGUESE OLIVE OIL OR NOT?

Frequency	Percent	Valid Percent	Cumulative Percent
-----------	---------	---------------	--------------------

	No	56	56.0	56.0	56.0
Valid	Yes	44	44.0	44.0	100.0
	Total	100	100.0	100.0	

4. If you have ever purchased Gallo olive oil or not? (Yes or no.)

TABLE VII

QUESTION: IF YOU HAVE EVER PURCHASED GALLO OLIVE OIL OR NOT?

		Frequency	Percent	Valid Percent	Cumulative Percent
	No	84	84.0	84.0	84.0
Valid	Yes	16	16.0	16.0	100.0
	Total	100	100.0	100.0	

5. Will you search olive oil on the e-platform? (Yes or no.)

TABLE VIII

QUESTION: WILL YOU SEARCH OLIVE OIL ON THE E-PLATFORM?

		Frequency	Percent	Valid Percent	Cumulative Percent
	No	28	28.0	28.0	28.0
Valid	Yes	72	72.0	72.0	100.0
	Total	100	100.0	100.0	

6. How do you think about Gallo's e-commerce shop? (Likert scale 1-5.)

See Table II .

7. Which price you can accept about olive oil? (Numbers.)

See Table II .

8. Where you will buy olive oil? (Supermarket; non-staple restaurants; e-commerce platforms; micro-businesses; the others.)

TABLE IX

QUESTION: WHERE YOU WILL BUY OLIVE OIL?

		Response		Case Percent
		Numbers	Percent	
The place	Supermarket	76	25.3%	84.4%
	Non-staple restaurants	46	15.3%	51.1%
	E-commerce platforms	82	27.3%	91.1%
	Micro-businesses	44	14.7%	48.9%
	The others	52	17.3%	57.8%
Total		300	100.0%	333.3%

9. The use of olive oil? (Chinese food; western food, including salad; gifts; the others.)

TABLE X

QUESTION: THE USE OF OLIVE OIL.

		Response		Case Percent
		Numbers	Percent	
The use of olive oil	Chinese food	46	21.3%	57.5%
	Western food (including salad)	60	27.8%	75.0%
	Gifts	66	30.6%	82.5%
	The others	44	20.4%	55.0%
Total		216	100.0%	270.0%

10. Do you pay attention to dietary health? (Likert scale 1-5.)

TABLE XI

GROUP STATISTICS

	Sex	N	Mean	Std. Deviation	Std. Error Mean
Paying attention to health	Male	42	3.6190	1.14663	.17693
	Female	58	3.4483	1.28654	.16893

TABLE XII

INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Paying attention to health	Equal variances assumed	1.948	.166	.685	98	.495	.17077	.24920	-.32375	.66530
	Equal variances not assumed			.698	93.772	.487	.17077	.24462	-.31495	.65649

From the above table, it shows that in this survey, there is no significant difference between the sexes in their views on the importance of dietary health ($t = 3.988$, $P = 0.000 < 0.05$).

TABLE XIII

DESCRIPTIVE

Paying attention to dietary health							
N	Mean	Std.Deviation	Std.Error	95% Confidence Interval for Mean		Minimum	Maximum

					Lower Bound	Upper Bound		
15-30	56	3.7857	1.27514	.17040	3.4442	4.1272	1.00	5.00
31-45	24	3.2500	1.25974	.25714	2.7181	3.7819	1.00	5.00
46-60	20	3.1000	.85224	.19057	2.7011	3.4989	1.00	4.00
Total	100	3.5200	1.22664	.12266	3.2766	3.7634	1.00	5.00

TABLE XIV

VARIANCE HOMOGENEITY TEST

Paying attention to dietary health			
Levene	df1	df2	Sig.
3.870	2	97	.024

TABLE XV

ANOVA

Paying attention to dietary health					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.231	2	4.616	3.204	.045
Within Groups	139.729	97	1.441		
Total	148.960	99			

From the above table, it shows that in this survey, there are significant differences in the views of different age groups on the importance of dietary health ($F = 3.204$, $p = 0.045 < 0.05$).

11. Do you think olive oil is in line with the Chinese food taste habits? (Likert scale 1-5.)

See Table II.

12. Will olive oil be more popular in China? (Likert scale 1-5.)

TABLE XVI

QUESTION: WILL OLIVE OIL BE MORE POPULAR IN CHINA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	34	34.0	34.0	34.0
	Yes	66	66.0	66.0	100.0
	Total	100	100.0	100.0	

13. Multiple analysis:

TABLE XVII

MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.385 ^a	.149	.113	.85202

a. Predictors: (Constant), how is Gallo's e-commerce platform, the price of olive oil, age, sex.

TABLE XVIII

ANOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.036	4	3.009	4.145	.004 ^b
	Residual	68.964	95	.726		
	Total	81.000	99			

a. Dependent Variable: Portuguese olive oil.

b. Predictors: (Constant), how is Gallo's e-commerce platform, the price of olive oil, age, sex.

TABLE XIX

COEFFICIENTS^a

--

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1					
(Constant)	2.939	1.295		2.269	.026
Sex	-.697	.175	-.383	-3.981	.000
Age	-.066	.108	-.059	-.616	.540
The price of olive oil	.015	.019	.075	.782	.436
How is Gallo's e-commerce shop	-.007	.077	-.009	-.093	.926

a. Dependent Variable: Portuguese olive oil.

The above table shows that in model 1, the determinant coefficient of regression equation is 0.149, which indicates that the predictive variable can explain 14.9% of the variance of dependent variable, and the regression equation is significant as a whole ($F = 4.145$, $P = 0.004 < 0.05$). In model 1, sex ($t = -3.981$, $p = 0.000 < 0.05$) could significantly predict the quality of olive oil from Portugal. The non-standardized regression equation: the olive oil quality from Portugal is $= -0.697 * \text{sex} + 2.939$.

Data Analysis & Results of Coffee

1. If you have ever purchased coffee or not? (Yes or no.)

TABLE XX

QUESTION: IF YOU HAVE EVER PURCHASED COFFEE OR NOT?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	40	40.0	40.0	40.0
	Yes	60	60.0	60.0	100.0
	Total	100	100.0	100.0	

2. What do you think about coffee from different countries?

TABLE XXI

DESCRIPTIVE STATISTICS

	Number	Minimum(M)	Maximum(X)	Average(E)	Std.Deviation
Coffee from Spain	100	1.00	5.00	3.5400	1.06761
Coffee from Italy	100	1.00	5.00	3.5800	1.15627
Coffee from France	100	1.00	5.00	3.5600	1.33576
Coffee from the United States	100	1.00	5.00	3.7400	1.23599
Coffee from Portugal	100	2.00	5.00	3.5400	1.14080
Coffee from the others	100	1.00	5.00	3.5200	1.17619
How is Delta e-commerce shop	100	1.00	5.00	3.6600	1.09378
The price of coffee	100	8.00	14.00	10.7000	1.74368
Paying attention to health	100	1.00	5.00	3.6600	1.07516
Coffee is in line with the Chinese food taste habits	100	1.00	5.00	2.2200	1.12439
Valid N	100				

3. If you have ever purchased Portuguese coffee or not? (Yes or no.)

TABLE XXII

QUESTION: HAVE YOU BOUGHT PORTUGUESE COFFEE OR NOT?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	64	64.0	64.0	64.0
	Yes	36	36.0	36.0	100.0
	Total	100	100.0	100.0	

4. If you have ever purchased Delta coffee or not? (Yes or no.)

TABLE XXIII

QUESTION: HAVE YOU BOUGHT DELTA COFFEE OR NOT?

		Frequency	Percent	Valid Percent	Cumulative Percent
--	--	-----------	---------	---------------	--------------------

	No	78	78.0	78.0	78.0
Valid	Yes	22	22.0	22.0	100.0
	Total	100	100.0	100.0	

5. Will you search coffee on the e-platform? (Yes or no.)

TABLE XXIV

QUESTION: WILL YOU SEARCH FOR COFFEE ON THE E-PLATFORM?

		Frequency	Percent	Valid Percent	Cumulative Percent
	No	32	32.0	32.0	32.0
Valid	Yes	68	68.0	68.0	100.0
	Total	100	100.0	100.0	

6. How do you think about Delta's e-commerce shop? (Likert scale 1-5.)

See Table XXI.

7. Which price you can accept about coffee? (Numbers.)

See Table XXI.

8. Where you will buy coffee? (Supermarket; non-staple restaurants; e-commerce platforms; micro-businesses; the others.)

TABLE XXV

QUESTION: WHERE YOU WILL BUY COFFEE?

		Response		Case Percent
		Numbers	Percent	
The place	Supermarket	68	23.4%	75.6%
	Non-staple restaurants	36	12.4%	40.0%
	E-commerce platforms	88	30.3%	97.8%
	Micro-businesses	54	18.6%	60.0%
	The others	44	15.2%	48.9%
Total		290	100.0%	322.2%
Total		290	100.0%	322.2%

9. The use of coffee? (Daily drink; novelty drink; gifts; place to gather with friends.)

TABLE XXVI

QUESTION: THE USE OF COFFEE

		Response		Case Percent
		Numbers	Percent	
The use of coffee	Daily drink	44	20.2%	62.9%
	Novelty drink	58	26.6%	82.9%
	Gift	50	22.9%	71.4%
	Place to gather with friends	66	30.3%	94.3%
	Total	218	100.0%	311.4%

10. Do you pay attention to dietary health? (Likert scale 1-5.)

Same as Olive oil.

11. Do you think coffee is in line with the Chinese food taste habits? (Likert scale 1-5.)

See Table XXI.

12. Will coffee be more popular in China? (Likert scale 1-5.)

TABLE XXVII

QUESTION: WILL COFFEE BE MORE POPULAR IN CHINA?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	26	26.0	26.0	26.0
	Yes	74	74.0	74.0	100.0
	Total	100	100.0	100.0	

13. Multiple analysis:

TABLE XXVIII

HAVE YOU EVER BOUGHT COFFEE PRODUCTS * SEX (CROSSTABULATION)

			Sex		Total
			Male	Female	
Have you ever bought coffee products	No	Count	20	20	40
		Expected Count	20.0	20.0	40.0
		% within Have you ever bought coffee products	50.0%	50.0%	100.0%
	Yes	Count	30	30	60
		Expected Count	30.0	30.0	60.0
		% within Have you ever bought coffee products	50.0%	50.0%	100.0%
	Total	Count	50	50	100
		Expected Count	50.0	50.0	100.0
		% within Have you ever bought coffee products	50.0%	50.0%	100.0%

TABLE XXIX

CHI-SQUARE TESTS

	Value	df	Asymp. Sig. (2- sided)	Exact Sig. (2- sided)	Exact Sig. (1- sided)
Pearson Chi-Square	.000 ^a	1	1.000		
Continuity Correction ^b	.000	1	1.000		
Likelihood Ratio	.000	1	1.000		
Fisher's Exact Test				1.000	.581
Linear-by-Linear Association	.000	1	1.000		
N of Valid Cases	100				

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 20.00.

b. Computed only for a 2x2 table

From the above table, we can see that there is no statistical difference in whether or not Delta coffee has been purchased from different gender research objects ($=0.000$, $p=1.000>0.05$).

TABLE XXX

GROUP STATISTICS

	Sex	Numbers	Mean	Std. Deviation	Std. Error Mean
Portuguese coffee	Male	50	3.5600	1.03332	.14613
	Female	50	3.5200	1.24933	.17668

TABLE XXXI

INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2- tailed)	Mean Differen ce	Std. Error Differen ce	95% Confidence Interval of the Difference	
									Lower	Upper
Portuguese coffee	Equal variances assumed	6.183	.015	.174	98	.862	.04000	.22928	-.41501	.49501
	Equal variances not assumed			.174	94.6 69	.862	.04000	.22928	-.41521	.49521

From the above table, we can see that there is no statistically significant difference in the quality of coffee from Portugal between the different sex objects in this survey ($t=0.174$, $p=0.862>0.05$).

TABLE XXXII

MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.402 ^a	.161	.126	1.06652

a. Predictors: (Constant), the price of coffee, sex, age, how is Delta's e-commerce shop.

TABLE XXXIII

ANOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.781	4	5.195	4.567	.002 ^b
	Residual	108.059	95	1.137		
	Total	128.840	99			

a. Dependent Variable: Portuguese coffee

b. Predictors: (Constant), the price of coffee, sex, age, how is Gallo's e-commerce shop.

TABLE XXXIV

COEFFICIENTS^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.457	.847		.540	.590
	Sex	.136	.218	.060	.625	.534
	Age	-.083	.136	-.060	-.614	.541
	how is Delta's e-commerce shop	.071	.101	.068	.701	.485

The price of coffee	.258	.065	.395	3.960	.000
---------------------	------	------	------	-------	------

a. Dependent Variable: Portuguese coffee

From the above table, in model 1, the determinant coefficient of regression equation is 0.161, which shows that the predicted variable can explain 16.1% of the variance of dependent variable, and the regression equation is significant as a whole ($F = 4.567$, $P = 0.002 < 0.05$). In model 1, the price of coffee ($t = -3.960$, $p = 0.000 < 0.05$) can significantly predict the quality of coffee from Portugal. The non-standardized regression equation: the quality of coffee from Portugal = $0.258 \times \text{the price of coffee} + 0.457$.