Masters of Science in Business Administration

Creating a new channel in the distribution system

"Add consumer as new friend"

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Abstract

Dissertation Title: GLSA: Creating a new channel in the distribution system

Sub-title: "Add consumer as new friend"

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GL, importação & exportação, SA (GLSA) is a Portuguese Small and Medium enterprise (SME) that operates as trader and creator of several solutions in the food industry, namely dairy and convenience products. Since 1942, when it was founded, the company had to be flexible enough to be constantly adapting their business structure to the market environment, which led them to swap overtime from a Portuguese representative of English manufacturers of raw materials for industries, to an international SME in the food field. Nowadays, the company is increasing their presence in international markets; however, the Portuguese market needs new strategies to invert the current cycle and adapt their offer to the new consumer needs.

The focus of the present dissertation, written in form of a case study, is to assess the possibility of creating a direct channel on the distribution system, in order to be closer to the end consumer and increase sales. That channel would be presented as an online platform aimed to satisfy needs for catering, coffee-breaks and online ordering of lunch boxes. The teaching case gives an overview about the changes occurred in the company since it was founded, present the actual context of the business, and it ends with the project plan and forecasts to start selling directly to end consumers through internet. The dissertation covers the steps needed to analyse the market environment by implementing research methods to help the students to reach a final decision in the end. Those research methods includes a literature review that analyses the internet channel, check for new trends, identify consumers' needs and what is being done worldwide and a survey that was conducted in the Portuguese market in order to identify consumers preferences and habits.

The main conclusions drawn from this study are that GLSA is struggling in the Portuguese market, where several challenges are appearing and threatening the company's operations. An internet platform appears to be an effective measure, not to solve the problems immediately, but along with continuous product innovation and low-price products, in order to facilitate consumer's needs, can be considered a key element, with low risk, to change the current negative paradigm.

Resumo

Título da dissertação: GLSA: Criação de um novo canal no sistema de distribuição

Subtítulo: "Adicionar consumidor como novo amigo"

Autor: João Bilton de Lemos

GL, importação & exportação, SA (GLSA) é uma Pequena e Média Empresa (PME) portuguesa que opera como uma empresa comercial e criadora de diversas soluções inovadoras na indústria alimentar, nomeadamente lacticínios e produtos de conveniência. Desde 1942, quando foi fundada, a empresa foi obrigada a ser suficientemente flexível no sentido de adaptar a sua estrutura de negócio à envolvente do Mercado, o que levou a uma mudança ao longo do tempo de uma empresa representante de empresas inglesas fabricantes de matérias-primas destinadas às indústrias de vidro, cerâmica e tintas para uma PME internacional no mercado alimentar. Hoje em dia GLSA está a aumentar a sua presença nos mercados internacionais; no entanto, o Mercado português necessita de novas estratégias no sentido de inverter o actual ciclo negativo que a empresa tem assistido e adaptar as suas ofertas a novas necessidades dos consumidores tendo em conta a envolvente macroeconómica.

O foco da presente dissertação, escrita em forma de um caso de estudo, é avaliar a possibilidade de criar um canal directo de vendas no sistema de distribuição da empresa, no sentido de estar mais perto do consumidor final e aumentar o volume de vendas. Este canal seria apresentado como um canal online direccionado à satisfação de necessidades de catering, reuniões, eventos e encomenda de refeições. O presente case de estudo dá uma visão geral sobre as alterações ocorridas na empresa desde que foi fundada, apresenta o contexto actual do negócio, e acaba com o plano do projecto e previsões para avaliar a possibilidade de começar a vender os seus produtos directamente ao consumidor final através da internet. A dissertação cobre os paços necessárias para analisar a envolvente de Mercado através de métodos de pesquisa para ajudar o estudante a tomar uma decisão final após a conclusão. Os métodos de pesquisa englobam uma revisão de literatura, que analisa o canal internet, novas tendências, identifica necessidades dos consumidores e o que está a ser feito a nível global no mercado alimentar. Paralelamente foi realizado um inquérito no mercado português no sentido de identificar hábitos e preferências dos consumidores.

As principais conclusões que podem ser retiradas deste estudo são, o facto que a empresa GLSA está a passar por dificuldades no Mercado português, onde diversos desafios estão a surgir e a ameaçar as operações da empresa. Uma plataforma online parece ser uma medida acertada, não para resolver os problemas da empresa a curto prazo, mas junto de uma estratégia de contínua inovação de produto e o lançamento de produtos a baixo preço para facilitar as necessidades de consumo, pode ser considerado um factor chave, com risco baixo, para alterar o actual paradigma negativo.

Acknowledgements

When I started the internship in the company GLSA and start wondering about which managerial problem I could develop in my thesis, I have to admit I felt a bit scary about this challenge. However, four months later I overcame this challenge but it would never been possible to perform it alone, therefore I have to thank everyone that helped me.

First of all, I would like to give a special thanks to my advisor Susana Frazão Pinheiro, whose supervision helped to guide me during the elaboration of the thesis and understand better the topics I should develop.

I would like to show my gratitude to the company GLSA for allowing me to do an internship and give me the freedom to study such an interesting case. My deep thanks in specific to the commercial team, Sofia Lourenço, Carolina Belo, Miguel Rita and José Maria Gilman which were always available to help me with everything I needed in order to write the thesis and for the administration, Rita Salgado and Douglas Gilman who gave me a better understanding about the company's history since it was founded.

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Table of contents

Abstract ii

Resumo iii

Acknowledgements iv

1. Introduction 1

2. Literature review 3

2.1 Internet direct channel *3*
2.1.1 Web trust 6
2.1.2 Channel conflicts 6

2.2 Environmental analysis *7*
2.2.1 PESTEL analysis 12
2.2.2 Porter Five forces 13
2.2.3 SWOT analysis 13

2.3 Consumers preferences *14*
2.3.1 On-line food ordering 16

3. Case study: "Add consumer as new friend" 18

3.1 Introduction *18*

3.2 The origin *19*

3.3 A changing landscape *20*

3.4 GLSA business redefinition *21*
3.4.1 From distributor to producer 22
3.4.2 The factory 22
3.4.3 Products 23
3.4.4 Partners 25
3.4.5 Competition 26
3.4.6 Internationalization 27
3.4.7 Prizes 28

3.5 A new market perspective *29*
3.5.1 The turnaround 30
3.5.2 "Nature provides we simply select" – Product innovation 31

3.6 Exploiting a new channel *32*
3.6.1 Adding "consumer" as a new friend 33

3.7 The project *34*
3.7.1 Project planning 35
3.7.2 Project forecasts 38

3.8 Conclusion *39*

3.9 Exhibits *40*

4. Methodology 54

5. Teaching notes 55

5.1 Introduction 55

5.2 Case synopsis 55

5.3 Teaching objectives 56

5.4 Teaching plan 57

5.4.1 In-class discussion 58

5.4.2 Group assignment 75

6. Conclusion 81

7. Limitations and future research 84

8. References 85

Appendix 89

Tables and figures index

Literature Review – Figures

Figure 1 – Reasons to enter in an internet direct channel 5
Figure 2 – Share of turnover in the manufacturing industry (%) 7
Figure 3 – Share of employment in the manufacturing industry (%) 8
Figure 4 – Food products industry geography segmentation (% share) 2011 8
Figure 5 – Market share of the top 3 retailers (%) 2010 9
Figure 6 – Private labels world geographical distribution (2009) 10
Figure 7 – Market share of private labels (2009) 10
Figure 8 – Development of the population EU-25 by age, 1980 - 2050 14
Figure 9 –Trends of food innovation in Europe 2010 16

Case Study - Exhibits

Exhibit 1 – Figurative painting 40
Exhibit 2 – The factory in Azambuja 40
Exhibit 3 - Benecol 40
Exhibit 4 – Fleury Michon 40
Exhibit 5 – Juices So Natural 40
Exhibit 6 – Product portfolio weight in total sales 41
Exhibit 7 – Dairy/juices 2011vs2012 41
Exhibit 8 – Pastry/bakery 2011vs2012 41
Exhibit 9 – GL Food Solutions/meals 2011vs2012 41
Exhibit 10 – GLSA's clients 42
Exhibit 11 – Total national sales from 2009 to 2012 42
Exhibit 12 – GLSA stand on an international fair 42
Exhibit 13 – Total Sales Spain 43
Exhibit 14 – Total Sales Exports (non-Spain) 43
Exhibit 15 - Prizes 43
Exhibit 16 – Comparison between 2011 and 2012 total sales by category 44
Exhibit 17 – Example of some innovative sandwiches 44
Exhibit 18 – Example of a sandwich platter that will be available for the Christmas period 44
Exhibit 19 – Platter for flight companies 45
Exhibit 20 – Green juices 45
Exhibit 21 – Fruit with a stick 45
Exhibit 22 – Total GLSA's sales 45
Exhibit 23 – geographic areas work/Use the service 46
Exhibit 24 - Age/Use the service 46
Exhibit 25 - Gender/willingness to use the service 46
Exhibit 26 - Company's size (# of employees)/Use the service 46
Exhibit 27 - Where do you usually have lunch/Use the service 47
Exhibit 28 - The Company where you work has a canteen/Use of the service 47

Exhibit 29 - On average how many times you have lunch out of the company? 47
Exhibit 30 - Degree of satisfaction regarding quality 47
Exhibit 31 - Degree of satisfaction regarding fastness 48
Exhibit 32 - Degree of satisfaction regarding variety 48
Exhibit 33 - Degree of satisfaction regarding healthiness 48
Exhibit 34 - On average willingness to pay out of the company 49
Exhibit 35 - Among these options which you consume during lunch time 49
Exhibit 36 - Feels that has a balanced and healthy meal/Use the service 49
Exhibit 37 - Shop online/Use the service 49
Exhibit 38 - Attributes value to order food in less than 2 minutes through internet/Use the service 50
Exhibit 39 - Would you take home the products offered/Use the service 50
Exhibit 40 - Value attributed to see the information of nutrients and calories during the process of choice/Use the service 50
Exhibit 41 - Would you use the service to lunch at workplace? 50
Exhibit 42 – Clusters 51
Exhibit 43 - Platters for events, meetings, coffee-breaks 51
Exhibit 44 – Suggestion of platter presentation 52
Exhibit 45 – Product Prices 52
Exhibit 46 – Project costs 53
Exhibit 47 - Demographics 53

Teaching Notes – Frameworks and Tables

Framework 1 – Product category life cycle 60
Framework 2 – Porter Five Forces 62
Framework 3 – PESTEL Analysis 64
Framework 4 – Strategy Clock Framework 66
Framework 5 – SWOT Analysis 69

Table 1 – Target companies 79
Table 2 – Demand forecast 79
Table 3 – P&L statement year 1 79
Table 4 – P&L statement year 2 80

1. Introduction

By the year of 2007 the company GLSA that was operating as a food distributor started to be a producer, launching their own brands in the market of sandwiches and juices. Most of the products launched by GLSA had the particularity to be innovative and present characteristics of undeniable quality. Moreover, in order to increase their production of sandwiches the company opened in 2011 a new production centre, the best and biggest factory of sandwich in the Iberian Peninsula with an incredible production potential of 10 million units yearly.

With a clear strategy to decrease their level of imports and increase sales of their own brands the company started an internationalization strategy to reach a broader market and fulfil external needs. An increasing demand for convenience products, like sandwiches, was arising in several markets, namely Scandinavian countries and England and GLSA was exploring those opportunities launching their innovative solutions on those markets. That strategy led the company to increase their sales to the external market from 3% in 2010 to a forecast of 16% of the total sales by the end of 2012.

Despite the good performance on the external markets, the company was facing new challenges within the Portuguese market that are avoiding the complete affirmation of their own brands. Lately, consumption habits are changing due to the crisis and food became more analysed and criticized than ever was. Consumers are not just seeking variety and quality products but also cheap healthy and fast meals that simplify their lives. GLSA wanted to bring new solutions to the market and explore other channels that could deliver more value to the company and increase consumer's awareness regarding their brands.

An initial deep research about the company's activity and product portfolio was done in order to understand how this challenge could be approached. The products the company was trying to leverage could be adapted to fulfil other needs of consumers, instead of being sold only to retailers. Either cut the sandwiches in triangles and serve them on platters for catering services or pack the sandwiches and juice together in order to present a solution of a cheap, fast and healthy meal. The key issue regarding those opportunities was to identify if there is actually a market for those opportunities in

Portugal. To study this problematic it was interesting to develop a teaching case where students are proposed to assess the feasibility of such project based on a market analysis, project plan and forecasts.

Having in mind the managerial challenge the company was facing, the **problem statement** identified was: "To assess the possibility of the entrance in an internet direct channel in order to be closer to the end consumer and increase sales".

Regarding the **Research questions**, those were defined having in mind the key issues needed to be covered in order to help sustain the decision to enter or not a direct channel. Those key issues involve the understanding of their current positioning and prepare the entrance in a new channel:

1. Why does the company need to develop an internet channel within the context of an already efficient distribution channel?
2. Are the market and company flexible enough to allow the entrance in a new channel?
3. How will this channel be implemented and bring value to the company?
4. Who are the consumers more likely to use this channel?

In order to answer these questions, research methods were implemented to help collect information, either qualitative through a literature review or quantitative through a survey, to formulate the case study and support the teaching notes. Answers for those questions can be found on both parts of the dissertation and a final decision will be reached in the conclusion.

The case study developed is particularly interesting for the company since they have the opportunity to assess if the adoption of a direct channel, internet, can be a business opportunity that the company can take advantage in order to increase the level of sales and brand awareness. Moreover, Professors who decide to teach this case can give an example of a successful Portuguese company that had to be constantly adapting their business to changes in consumer needs and market opportunities and finally test the feasibility of a project.

2. Literature review

This dissertation has as final objective to test the adoption of a direct internet channel on the distribution system. Having this goal in mind, it is important to study and revise some key aspects that are fundamental to assess the feasibility of a project, and consequently serve as support for the elaboration of the case study and teaching notes. The present literature review was written in order to answer the research questions defined in the previous chapter and consequently acquire data to help take the best decision to advance with the project or not. The main issues defined are the understanding of the channel where the company wants to enter, the market environment and finally the needs and preferences of consumers.

To study those issues, the following literature review is divided in three main blocks. The first block focuses on the definition of the internet direct channel, how a company can take advantage of it, how it can be managed in a multichannel context and deal with possible conflicts. The second one aims to analyse the market environment, in Portugal and in Europe, related with the food industry. A set of frameworks are also presented in order to study during the teaching notes chapter the market environment and the external and internal factors that influence the company decision making process. Finally, the last part, aims to study the consumers preferences, needs and trends and evolution of online food ordering.

2.1 Internet direct channel

Distribution channels were traditionally perceived, by several authors, as a vertical integration, unilinear structure that links retailers with manufacturers by one or several intermediaries that work as wholesalers (Musso 2010). Nowadays, in a context of globalization where channels are changing their structure and strategies are developing (Rosenbloom 2008), the definition of a channel is much more complex due to removal of intermediaries (direct channel), add other types of intermediaries (indirect channels), or even the introduction of multichannel (Musso 2010). Therefore companies search for higher levels of efficiency and fastness when dealing with business which led them to build channels where the supply chain management, logistic and purchasing (Gundlach

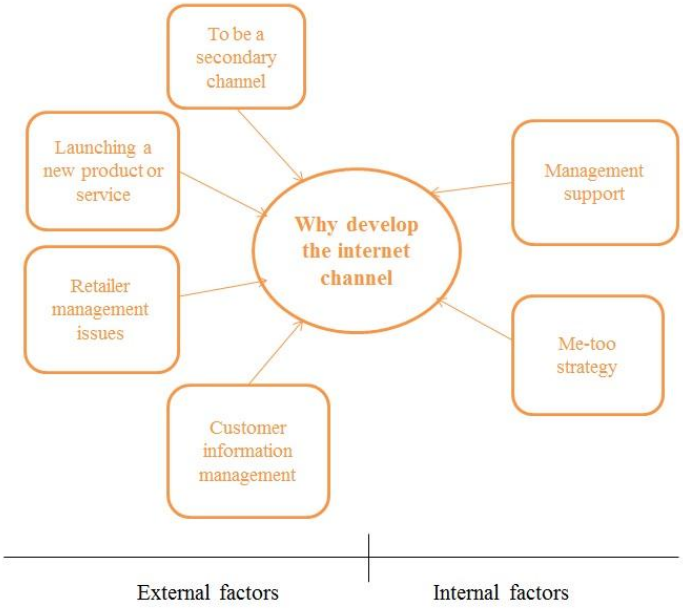
et al 2006) are already included. Internet has a remarkable weight concerning the way consumers view communication, entertainment, buying and selling (Webb 2002) and consequently has a significant impact on the whole distribution channel system.

An internet sales channel can be defined as "the use of internet to make products and services available so that the target market with access to computers or other enabling technologies can shop and complete the transaction for purchase via interactive electronic means" (Rosenbloom 2004). Moreover, internet enables wide coverage at low operational costs and it can be used as a direct channel to improve company image and product information (Kumar, Ruan 2006). With the development of IT infrastructures and higher speeds of broadband, it is possible to create a network between customers and service providers in a way it creates direct sales channels that allow disintermediation (Rosenbloom 2004). Reducing the intermediaries in the process usually leads to a mitigation of the double marginalization problem, that is common when dealing with retailers, and consequently sells at higher margins (Kumar, Ruan 2006). Having this in mind several companies, as for example Estee Lauder and Nike created their own direct sales channel to complement the typical intermediaries (Coughlan et al 2006).

Not only big companies, but specially SME's can also take advantage of internet technologies by making use of the opportunities this channel provides to compete with larger firms, due to the mitigation of some issues, like geography, size of the market and financial limitations. (Xiaolin et al 2011). Moreover, an internet channel can bring to this kind of companies several benefits, namely reduction of distribution costs, increase the number of potential customers (Santarelli and D'Altri 2003), customize products, prices and promotion (Dewan et al 2000) and increase market position through improved relationships with customers (Lohrke et al 2006). These benefits can only be achieved if there is enough creativity to combine the technology with effective customer service and create new business opportunities that lead to an increase of profits (Primoff 1998). In order to have an efficient channel, when launching a platform, it must be implemented and managed by the company itself, without adding any reseller or an online market facilitator, however it can have a third party responsible for the payment or shipping. The process associated with the ordering, payment and shipping arrangement should be defined and completed on the internet platform (Xiaolin et al 2011).

With the rise of internet channels but due to the specifications of some businesses, companies are steadily increasing the adoption of multiple channels. The main concern in adopting a multiple channel is to know the reason and emergence in adopting such a strategy of distribution (Coelho and Easingwood 2008). According to an empirical research from a PhD at University of Edinburgh[1] there are 6 main factors, 4 external and 2 internal factors, which influence the decision of entering in an internet direct channel. The **Figure 1** can summarize the factors guiding companies in order to adopt an internet channel on their distribution system:

Figure 1 – Reasons to enter in an internet direct channel



Highlighting the factors launch of a new product or service and to be a secondary channel, this empirical research observed that internet channel can be a useful tool to sell new products experimentally or test the acceptance of a new service, since it can be used to investigate the reactions and feedback from the end customer. The channel can also be used as a supplementary channel when there is lack of shelf space, once there are thousands of potential goods in retail stores and the space is simply not enough to have all good products available.

[1] "The impact of the internet as a direct sales channel on established distribution channels and the management of channel conflict"

2.1.1 Web trust

There are several aspects influencing consumer's decision to either use online distribution channels or not. A determinant factor when launching an internet platform is to assure consumers the security of online transactions, namely avoid concerns of low information security. However, there are other important factors that influence consumer's usage, and give them trust, of internet distribution channels, namely previous internet transactions, perceived convenience of buying online, desire for personal contact and the perception of credibility regarding the website (Kovar 2000). That's why internet platforms should give a positive impression when consumers visit the website for the first time. Moreover, we are talking about a market where consumers can have access to other online offers easily in contrast with physical shops, which turn competitors an even bigger threat (Yeap Ai Leen 2010).

Kim and Son (2005) suggest that post-adoption behaviour has as main factor the loyalty of the consumer, his future benefits with continuous usage of the platform and switching costs. Therefore, in order to gain consumer's trust and attach them to the website, the platform should be designed in a way that will assure the private and security guarantees with reliable navigation and competence, but also excitement and sophistication in order to attract users without doubting the credibility of the company (Yeap Ai Leen 2010).

2.1.2 Channel conflicts

Porter (2001) suggests that companies that want to add an internet distribution channel should implement a strategy to use internet as a complement to the traditional channel and not as a substitute. However, with the development of internet channels, conflicts can arise due to the intermediaries fear regarding internet usage of their suppliers (Webb 2007). For example, if a company uses their direct internet sales channel to reach the same consumers that are being served by independent retailers that sells the company's products (Rosenbloom 2007), or if the retailer promotes heavily their own private brand products (For example white label products currently on the market), and ignores or reduces the manufacturer's brand (Rosenbloom 2010).

In order to achieve an efficient distribution system, an effective communication is needed with external channel partners in order to assure them the supplying of a different customer base. The objective is to be present in different segments and the entrance in an internet direct channel will serve as a support for their existent distribution network rather than displace the currently used intermediaries (Webb 2002). This issue raises the need for an efficient channel management during the design stage and transparent administration of existing channels (Rosenbloom 2010).

2.2 Environmental analysis

According to a report from Confederation of EU Food and Drink Industries (CIAA 2010), the food and drink industry is the largest manufacturing sector in terms of turnover (**Figure 2**) and employment (**Figure 3**) in the European Union. Stating Marketline industry profile (2012) The agricultural products segment was the most lucrative in 2011, achieving 50,3% of the industry's overall value, followed by the packaged goods segment with 49,7% of the industry's aggregated value. The leading companies in terms of industry share are Kraft Foods Inc, Nestle SA, Unilever and Mars but all together only accounts for 4,2% of the overall market.

Figure 2 – Share of turnover in the manufacturing industry (%)

Figure 3 – Share of employment in the manufacturing industry (%)

Despite the growth forecasted of 3,6% annually until 2016, the competitiveness of the food and drink industry at European level is threatened by emergent economies like China, India or Brazil which led to a decrease of the European market share during the last decade reaching the share of 30% in 2011, comparing with Asia 40% and Americas 23% (**Figure 4**). European food industry must be capable to add value through creating more healthier, functional and convenient products. Functional food, for example, started to be present in several markets during 1990's, by introducing products with special health claims, as dairy products to lower cholesterol levels (competitiveness of the European Food Industry 2007). According to the report from CIAA (2010), food retail market is increasingly concentrated in Europe and the market share of the top three retailers ranges from 30% to 50%, apart from Ireland and Sweden whose top three retailers reach a total market share of approximately 61% and 80% respectively (**Figure 5**).

Figure 4 – Food products industry geography segmentation (% share) 2011

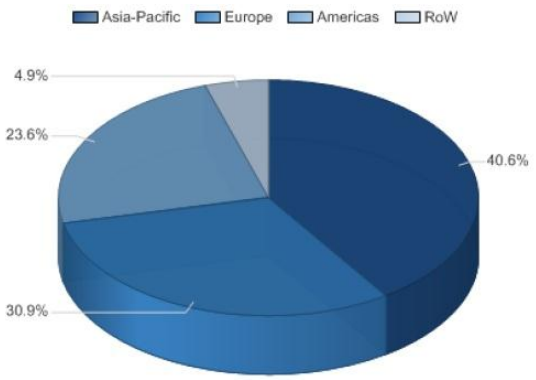
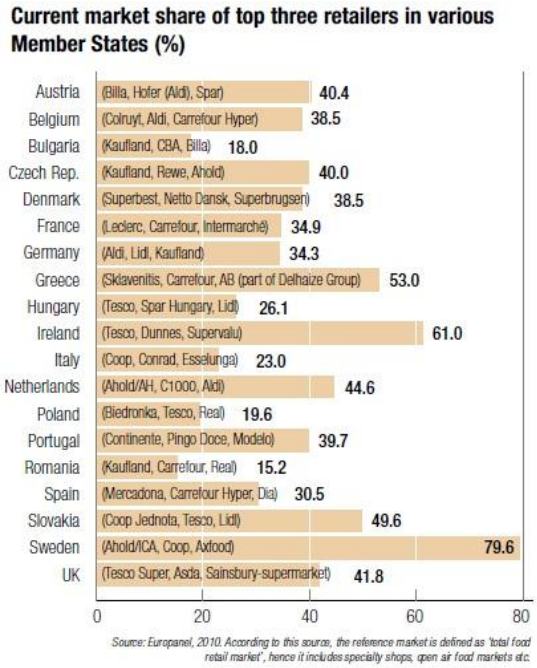


Figure 5 – Market share of the top 3 retailers (%) 2010



However, this market concentration aside with a general European crisis is also driving the penetration of private label products, turning Europe the leader on this segment with a share of 23% in 2009 (**Figure 6**), mainly in countries like Belgium, Germany, Spain, Switzerland and UK whose market share of private labels reached 40% or more in 2009 (**Figure 7**). According to Kumar (2007), by the end of the twentieth century, retailers started to develop national chains, turning competition among big retailers more aggressive. By increasing their presence, retailers started a new strategy by creating their own private label products in order to differentiate themselves from the fierce competition. Moreover, nowadays due to the increase in terms of volume market share, consumers are changing the perception of low quality and functional patterns but also develop emotions for those private label products (Kumar 2007).

Figure 6 – Private labels world geographical distribution (2009)

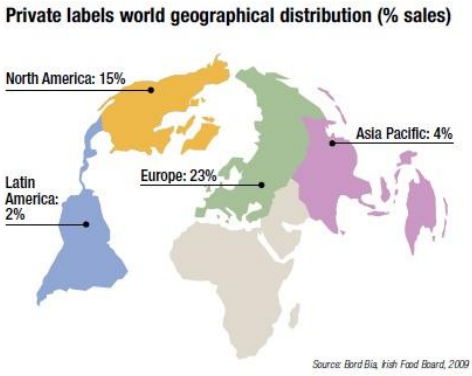


Figure 7 – Market share of private labels (2009)

Market share of private labels based on volumes (%)

	2003	2009	Change
Austria	n.a.	37	n.a.
Belgium	38	40	2
Czech Republic	13	28	15
Denmark	25	28	3
Finland	24	28	4
France	28	34	6
Germany	35	40	5
Greece	n.a.	18	n.a.
Hungary	17	28	11
Italy	14	17	3
Netherlands	22	25	3
Poland	7	21	14
Portugal	n.a.	34	n.a.
Slovakia	11	37	26
Spain	29	39	10
Sweden	22	27	5
Switzerland	n.a.	54	n.a.
UK	41	48	7

Sources: PLMA Yearbook 2009 as in L.E.I. study "The impact of private labels on the competitiveness of the European food supply chain", 2011

In Portugal the market environment regarding the food industry, based on a study from Escola Superior de Biotecnologia of Universidade Católica[2] (AESBUC 2008) is following general trends of Europe. The food industry is the largest industrial sector in Portugal presenting in 2007 a volume of sales around 12.500 million euros which represents 16% of the total Portuguese industry. Most of the industry is composed by SME's that according to the Federation of Portuguese food industries (FIPA 2008) account for 80% of the total of companies but had an overall weight in terms of volume of sales around 7%. A study from the consultancy company Food for Thought, released

[2] Ondina Afonso (author of the study)

on the magazine Super Market (2008), stated that the total national market of foods and drinks accounts for 27.000 million euros, with 85,2% retail sales and 14,8% foodservice channel. The same source stated, national market of food and drinks is decelerating in terms of growth; between 2002 and 2007 it registered an annual growth of almost 2% and in 2007 the growth was less than 1%. FIPA (2012) admits the new tax (Taxa de Saúde e Segurança Alimentar) forecasted to implement on food trade will have direct negative effects on the industry and probably on the end consumer. The overall confidence of Portuguese consumers is also affected by the economic scenario. According to the Distribution Today Magazine (2008), the latest global survey by Nielsen about "consumer confidence" (2007) found that customers from 21 countries from the 48 covered felt in terms of confidence during the past 6 months. Europe is the region less confident and Portugal is not an exception and it is in the tail of Europe regarding confidence with main concerns regarding unemployment, rise of interest rates and inflation. Due to this overall lack of confidence and retraction, discount stores and private label products are rising significantly in Portugal. According to the study from "O consumidor português e a distribuição" (2006) between 2000 and 2005 private label products grew 64% (in Europe 80%), and in 2009 private labels had a market share of 34% (**Figure 7**). Those trends together with the grew of discount retailers and decrease of demand by traditional retailers and Horeca channel are leading companies to invest in competences and resources that are not yet available in the sector in order to take advantage of the new opportunities of innovation in particular in the area of fresh and healthy products (AESBUC 2008).

Companies can take advantage of the business or industry where they operate, to draw and create new positions on the market by exploring opportunities identified. Porter (1996) referred to those new positions as changes occurred in the market environment, namely the rise of new customer groups and purchase occasions, new needs emerge as society evolve, new distribution channels, new technologies developed, among other changes. Those new positions can be exploited by companies in order to define new strategies on the market. Porter's Generic strategies (1985), defined two possible strategy options: Cost leadership and product differentiation. When following a cost leadership strategy the price must be the highest concern, obliging to a rigorous effort of efficiency and cost minimization. On the other hand, product differentiation strategy must ensure the product has something that customers are able to recognize an

added value comparing to others. Distribution and R&D are key features when following this strategy. As a complement to this framework, the strategy Clock framework can also be implemented to give a more complete insight regarding the strategy to follow (Bowman 1995).

When defining a strategy for a company, it is also important to analyse the internal and external environment in a complete way in order to make sure it is the right step on the market. That analysis can be done through implementing 3 frameworks: PESTEL analysis, Porter five forces and SWOT analysis.

2.2.1 PESTEL analysis

In order to help identify the external factors that influence the performance of a company in the market, Wheelen and Hunger (2006) defined that the external environment could be analysed by a PESTEL analysis:

Political: Degree of government intervention in the economy in several areas as tax policy, labour law, trade restrictions, tariffs and political stability;

Economic: Factors that affects the economic situation, namely interest rates, taxation changes, economic growth and inflation;

Social: It is related with social values, educational level, changes in social trends that can have somehow an impact on the product demand and the willingness of individuals to buy;

Technological: It includes all the technological changes affecting costs, quality and innovations and R&D;

Environmental: Involvement and commitment with the environment and social responsibility;

Legal: Includes factors as discrimination law, consumer law, antitrust law which can have somehow impact on the company operations, costs and demand for its products.

2.2.2 Porter Five forces

According to Porter (1980) the sector or industry where the company operates is the most powerful factor that influences the company operations. There are five forces that Porter defined as the ones which can have influence on the company: bargaining power of buyers, bargaining power of suppliers, threat of new entrants, threat of substitutes and rivalry.

Starting with the bargaining power of buyers, it is influenced by factors like the number of players in the market, the degree of differentiation of the product or service and the search for better prices. When this force is high it makes the margins lower and pressures the companies to deliver a better quality product or service. The bargaining power of suppliers is related with the concentration of suppliers, lack of inputs and substitutes and high switching costs, whose factors ensures a higher bargaining power of suppliers. The threat of new entrants is associated with economies of scale, high capital requirements, product differentiation, restricted access to distribution channels and technology. Regarding the pressure of substitute products, it can be a factor that limits the gains of the company in a specific industry once the presence of substitutes obliges the company to maintain competitive prices and therefore the attractiveness of the industry decreases. Finally, the rivalry is influenced by all those factors referred before that can be crucial for the competitiveness of an industry.

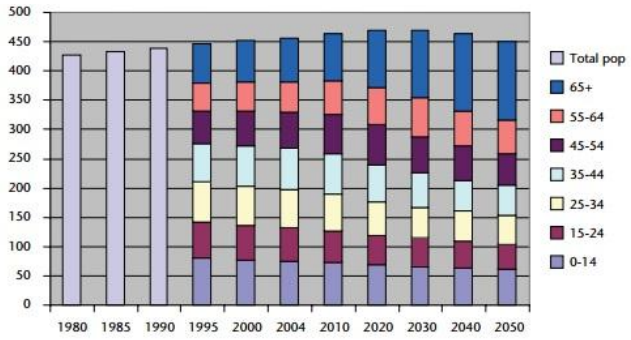
2.2.3 SWOT analysis

Regarding now the internal analysis of the company, it is important to take in consideration the different management capabilities of each company and the efficient use of its resources. According to Wheelen and Hunger (2006), it is fundamental to analyse internally, the core and differentiated competences of each company in order to create competitive advantage. A SWOT analysis can be done in order to evaluate the strengths and weaknesses of a company and opportunities and threats the market presents when implementing a project.

2.3 Consumers preferences

Traditionally consumers focused their attention in homogeneous commodities, demanding high quantities of those products; however, consumers changed their habits and started to demand increasingly quality-differentiated food endowed with many specific attributes. Attributes such as nutrition and health, safety, convenience and diversity are changing the way consumers perceive food and therefore influence the way they consume it, since the places where they buy it, the form in which they buy it and where they eat are all changing (Senauer 2001). Those trends reinforce the role of the consumer and their increasingly impact in the food industry. A study, competitiveness of the European Food Industry (2007), highlights the growth of the composition of the population (**Figure 8**) that will be increasingly dominated by elderly people. Those consumers tend to have more healthy concerns regarding the food components and diversity. Due to individualization, the number of households is growing faster than the population, affecting the quantity demanded per individual package and increasing the demand for convenience food.

Figure 8 – Development of the population EU-25 by age, 1980 - 2050



Convenience is an attribute that is increasingly becoming more important for consumers once there is a current trend related with less time and effort preparing meals. Moreover, there is a lack of knowledge about how to prepare a good and healthy meal (Feliciano and Albisu 2006). Also younger generations, who are working, dedicate less time than ever to prepare a meal (Competitiveness of the European food industry 2007). Gezondheidsraad (2002) noted a more individual eating pattern, which was mainly related with the number of consumption moments per day. Due to diets and

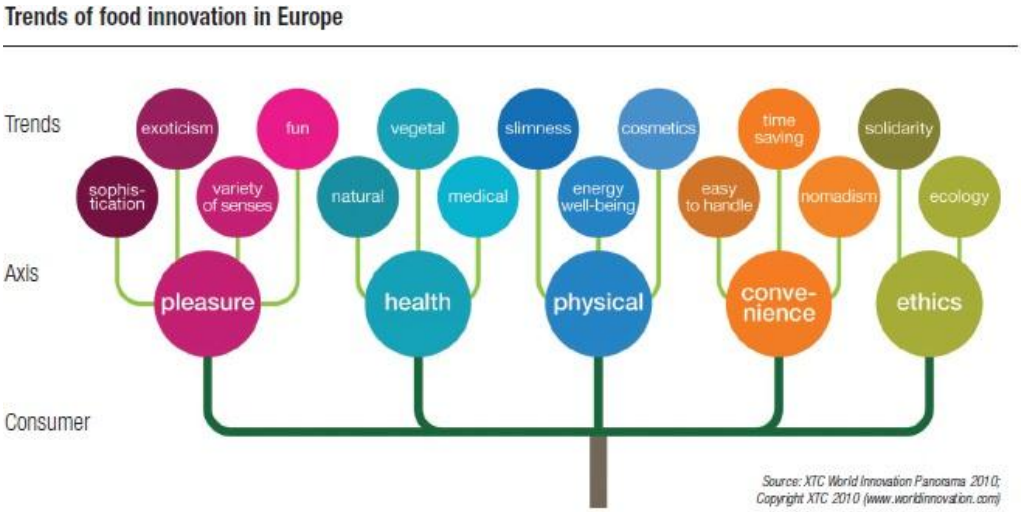
types of work (less physical) consumers tend to eat less quantities but more times per day. The lack of time available to eat is extensive at the lunch time, once a qualitative study to investigate drivers to healthy eating, conducted in 2 workplaces in England, find out that most of the food and drinks available were not healthy options and due to time constraints and tight deadlines lunch was often missed (Pridgeon 2009).

In the beginning of 2008 the effect of financial crisis were felt in every industry, and food industry was not an exception. According to a research made by the International Food policy Research Institution (2008), the global crisis has unpredictable effects on food prices in global markets. It affected seriously the stability of food supply, once prices of cereal rose to levels never seen since 1984 and rice in 2008 increased the price 300% in nominal value (Von Braun 2008). A research done by OECD, estimated that prices of basic food products between 2009 and 2018 would be 10% to 20% higher than in the period 1997 from 2006 (OECD 2009). Those trends as it was referred before (Market Environment) are leading consumers to increase the demand for private label products and discount shops. In Portugal, the lack of purchase power is leading consumers to choose price as main driver during shopping and consequently private label products, despite the less quality, are attracting several consumers. Moreover, those private label brands are entering in a growing segment in Portugal, the ready-to-eat meals (either fresh or ultra-frozen) and taking market share from other brands. This opportunity combines the convenience and fast aspect of those meals with the worry in spends less money when shopping. However, there is a growing trend that points to a worry about the nutritional equilibrium of those meals, once consumers' value fastness but also quality and health concerns (AEP 2009).

The crisis, together with the demand for convenience food products in order to deal with the less time available is leading to a new need: cheap convenience food. Contrary to what was happening in the beginning of this century, where Senauer (2001) pointed: "food purchases and consumption are increasingly motivated by information, attitudes, perceptions and other complex psychological products, and less by prices and income", nowadays the situation is more serious concerning the purchase power and prices became an important issue again. Having in mind the study from AESBUC (2008) and the report from CIAA (2010), the trends all over the World show that the ways the products are presented to consumers have never been as diversified and complex as nowadays in order to turn the product original. Innovation is driving the general

European trends and consumer expectations based on pleasure, health, physical, convenience and ethics (**Figure 9**), but simultaneously guaranteeing the natural and nutritive properties of products. Consumers want new experiences, new flavours, new diversified presentations but at the same time wants to eat in a balanced and equilibrated way.

Figure 9 –Trends of food innovation in Europe 2010



2.3.1 On-line food ordering

The usage of internet to shop food is a phenomenon that is predicted to have robust future growth and companies can take advantage of it in order to grow. From a survey of the Retail Food Industry Center, it was concluded that in 1999 only 3.3% of food shoppers had already bought food by internet, however, 35,4% said they would be very likely or likely to do that in the future (Senauer 2001). According to Scarpa (2007), a website that accepts online orders from customers can be a good way to increase sales and satisfy the demand. It can be used not only with operational purposes but also as a marketing tool, once it offers the possibility to make promotional offers to online customers and spread the product range.

In Portugal, according to an online survey by AC Nielsen, published on the magazine Super Market (2008), internet shopping is becoming a normal habit among Portuguese consumers once 8 in 10 Portuguese internet users affirm already having

shopped online, still it is lower than other European countries data (Germany and United Kingdom 97%) and 70% of those inquiries affirms that already used internet to analyse the product they want to buy. Regarding the purchasing of grocery products online 8% of the Portuguese referred already having bought those products online. Despite Portugal having a similar position regarding the European average (9%), it is still far behind United Kingdom (22%) and Switzerland (14%).

Stating Restaurant Business (2011), Catering services are increasingly demanded all over the world and it is common to serve as catering innovative ready-to-eat meals. Consumers are willing to pay for innovative dishes and there is an opportunity to explore regarding the short time available to prepare meals, especially during celebrations and social gatherings. Moreover, catered events and meetings are more casual in terms of food and presentation but rich in terms of high-end proteins and seafood and overall demanding in terms of quality and authenticity. However, a Technomic study (2011) of business to business catering shows that corporate catering customers changed their behaviours since 2009 by cutting costs, ordering from less expensive sources and ordering few menu items. The company Fazoli for example improved their online ordering interface, and those upgrades "made it easier for customers to order catering for business meetings, schools, wedding parties". It gives customers reliability and comfort regarding the service that they were hiring (Restaurant business 2011).

3. Case study: "Add consumer as new friend"

3.1 Introduction

An enormous painting (**Exhibit 1**), catches the attention of anyone who enters inside the facilities of the company GL, Exportações & Importações, SA (for now on called GLSA). The picture is figurative but represents strength, bravery, ambition to reach beyond.

"Do you like it?" Asks Douglas Gilman, GLSA's CEO.

"It is a way of reminding us that we are all rowing in the same direction" he says.

That painting is present in every book of the comics Asterix & Obelix, which intend to show the Gallic village and their resistance against the Romans. This resilience and strength showed by the little Gallic village against the powerful Romans can be compared in a figurative way to the position of GLSA in the market.

GLSA is a small enterprise, family-oriented, which tries to conquer their space in the market, battling against some of the key players among a competitive industry as the food industry. From distributor to producer and from producer to exporter the company has always used as strategic criteria, innovation. This strategy brought success to the company being a key factor for guiding the search for new products, new ways to sell them and entire new categories. This need to be innovative brought the company new creative solutions to present to the clients and differentiate their business among the offer. The company showed an incredible success in the Portuguese market, first as a distributor, namely with the creation of the entire market of cardiovascular yogurts with the introduction of benecol and the pre-cooked meals Fleury Michon. The success delivering those products led the company to start wondering whether they could start producing, creating their own brands based on concepts that they saw and learnt from international companies and take it for them. It is in this context that the company starts selling the natural juices, So Natural and acquires the company Águamais S.A. (later on called GL Food solutions, S.A.), the biggest national producer of sandwiches. Despite the success achieved on the Portuguese market, the crisis influenced the consumption patterns and the Portuguese market was not allowing the company to rise as much as they wanted, so they start being an exporter. Influenced by the international fairs (where

GLSA is present in the most important ones), and opportunities identified in the market, the company has been increasing their sales year by year internationally.

By the end of 2012 the company GLSA had an important decision to make. Exports were growing sharply, however the Portuguese market needed more solutions to increase the company's sales and moreover, there was a new factory opened in 2011 with an incredible capacity to be explored. It was this context that led GLSA to consider a new channel that could bring an open sea of possibilities, an online channel. The first project the company wants to explore in this channel is the creation of a platform that allows consumers to order meals online and get it delivered on their workplace.

The new project manager responsible for this project was measuring the options in hand before present it to the board and take a final decision regarding its implementation or not in the meeting that will start soon.

3.2 The origin

Back in the beginning of the twentieth century was common to see international companies search for potential local representatives through their embassies in order to enter in an international market[3].

It was in this context that in 1942 the company AW Sousa Gilman Ltd was created with the intention to be an agent for industrial raw materials. English enterprises, manufacturer of raw materials, contacted the British embassy in Portugal in order to find a Portuguese company that could be a representative for industries as glass, pottery and paints. After 1950, the company not only was a representative of English manufacturers but also started working independently by importing raw materials for industries.

Douglas Gilman, the actual CEO of GLSA and son of AW Sousa Gilman, since young started to know the business and developing an interest, by working there on small tasks after school. His professional career started in Mobil, where he was one of the members of the team responsible for launching the self-service system in gas

[3] http://ukinportugal.fco.gov.uk/en/business/export_from_the_uk/business-opportunities

stations in Portugal and the opening of the first convenience stores (some still being supplied by GLSA). In the beginning of the 80's he entered in AW Sousa Gilman to help his father, period when the company started to enter the food industry and was obliged to stop supplying other industries.

3.3 A changing landscape

In 1986, with the entrance of Portugal in the European Economic Community there was a huge backward on the industries and the flow of business declined sharply. Portugal had an industry prepared to supply 9 million inhabitants but with old machinery.

A reformulation in the industries needed to be done in Portugal; however there was no investment in this, and the industries were no longer attractive for companies. "Between 1986 and 2009 there was a decrease of 5% (from 32% to 27%) of the weight of industry on the Portuguese GDP."[4] What seemed to be a drop out of the industries, turned out to be a major investment for Portugal to shift their focus to the sector of commerce and retailers, "The sector of commerce by wholesale and retail, which in 1986 accounted for 15,2% of GDP turned to be 21,5% in 2009, due to the development of large retail sector"[2]

Already under the management of Douglas Gilman, the company shifted their operations into the food industry. In 1988, after a societal change the company changed the name to GL Ltd and two years later enters the food market through representation of Eurogerm, a French company specialized in baking techniques. In 1993 the company became a representative of food ingredients by supplying cereals for yoghurts of type twin chambers. Among the yoghurt sector, GL was working with the stronger players in the industry operating in Portugal, as Danone and Longa Vida. In 1998 the company entered the dairy market by representing brands like the Swiss diary EMMI with the introduction of Fit and Triballat Noyal with soy and biological products. In 2000 the company started distributing to international markets by creating the company

[4] http://economico.sapo.pt/public/uploads/especiais_sp/industrias_2012-06-21.pdf

"Eurogerm overseas" through a partnership with, the already referred, Eurogerm SAS for the manufacture and distribution of bakery technology in Mexico, Peru and Brazil. GLSA had 49% of the company but it ended up being sold to the French company in 2006.

During the decade of 90 and first years of this century a lot more opportunities were identified in the Portuguese market which led to the creation of entire new categories of products. Moreover, Douglas Gilman in order to search for new trends on the market keeps travelling around the world to see what products, packaging and machinery trends are working in the food market. This helped the company identify consumer needs much faster than competition and bring trends to markets as they arise. GLSA was responsible to bring to the market products as benecol, which initiated the market of yogurts with cardiovascular benefits in Portugal and the fresh meals of Fleury Michon, creating an entire new category in Portugal, the pre-cooked meals. Presenting the basic products to the market was not an option, instead, a risky strategy of entering with products that were innovative and completely unknown for the consumers could represent an advantage to be the first-mover on the market and a major step for the company in terms of innovation.

"There has to be a calculation of the risk, there must be a lot of resilience and the ability to realize that we can't always win, and if we lose once or twice doesn't mean we are not good"[5], said Miguel Rita, marketing director.

3.4 GLSA business redefinition

"The success of GL has only to do with innovation. It is present in the mind of everyone working with me" Douglas Gilman

Despite all the changes in the business structure since the decade of 90, it was in 2007 that the company made a major turnaround on their position in the market. They wanted to take their experience as distributor working with international renowned companies and become a producer in order to enter other markets. This new strategy led

[5] http://www.jornaldenegocios.pt/home.php?template=SHOWNEWS_V2&id=491755

the company to launch their own brands, like "So Natural" and "Snock" which was a remarkable achievement on the market.

3.4.1 From distributor to producer

Resulting from a partnership with the company "Frubaça" (cooperative of producers of apple in Alcobaça), the company launched the fruit smoothies "So Natural". Those natural juices brought a unique feature to the market, for the first time there was an offer of a 100% natural juice, fresh, produced only with crushed fruit and without any additives, neither water, milk or colorants.

On that same year there was the acquisition of the company "Águamais S.A." (later on called GL Food Solutions, S.A.), which was the biggest national producer of sandwiches, in order to reach an important channel to the company, the convenience food. They had already several products that could fit the convenience sector, namely juices, "caffe latte", among others. But they were missing the core of the convenience, the sandwiches. It was a big challenge for the company once they were used to work with products with expiration date of 30/45 days and now they were working with ultra-fresh products with an expiration date of 3 or 4 days allowing them to turn the product stocks over quickly. From a distributor that had 20 customers, the company grew to around 300 just by entering this sector, and there were still several market opportunities to be explored. "Those who work at GLSA, praise the fact this is a SME that works at the same level as a Multinational company"[6].

3.4.2 The factory

In January 2011 an investment of 2 million euros was done in order to have the best and biggest factory of sandwiches of the Iberian Peninsula (**Exhibit 2**). The factory that was bought from "Águamais S.A." was not enough to cover the market where GLSA was trying to enter: the convenience food. The new factory, located in Azambuja, has an incredible potential of 10 million units yearly and a dimension of

[6] http://economico.sapo.pt/noticias/nprint/107925.html

2500m2 and 5 lines of production with a maximum capacity of 1200 sandwiches hourly per line. Along with the production capacity, the factory had the best conditions not only to produce but also to serve as warehouse once it has three separated warehouses for frozen, refrigerated and non-refrigerated products. Those features give it an enormous potential to reach beyond in the market and maybe attract other clients that were not yet partners of GLSA. "In an audit done recently by an international client, it was recognized that the factory, facilities of GL food solutions, is the best of Iberian Peninsula and certainly one of the best in Europe"[7]. Moreover, the factory is considered to be "class A" by flight companies.

With the acquisition of this factory, the company "Águamais S.A.", bought by GLSA, changed the nomination to "GL Food Solutions S.A.". The company makes part of the group Giant Sable and the only client is the company GLSA, however both are completely independent and margins have to be negotiated as it would be any other client. However, GLSA is responsible for all the commercial activity of the products produced at GL Food Solutions. The space available on the factory works as a production center for GL Food solutions, SA and a warehouse for GLSA.

3.4.3 Products

According to their philosophy, GLSA has two main factors guiding their choice of product portfolio: innovation and quality. Their innovation strategy is not only related with the product itself but also with the image, packaging or labelling of the product. The main goal is to position the products in the market in a way that will surprise the consumers. Their quality patterns are present in every product of GLSA mostly due to the characteristics associated with the products, natural juices, biologic yogurts, soybean products and health beneficial. These two main characteristics differentiate their products among the offer within a determined segment.

The product portfolio has been changing since the entrance in the food market but there are two main imported products and one own brand that were recognized as the ones with most impact on the company. In 2004 GLSA was the pioneer in the cardiovascular market of dairy products by introducing Benecol (**Exhibit 3**) in the

[7] http://www.revista.portugalglobal.pt/AICEP/PortugalGlobal/revista47/?Page=27

market. For the first time in the Portuguese market, consumers with high cholesterol have the possibility to reduce the risk of suffering from coronary heart diseases by adding one single liquid yoghurt to their diet. In 2005 GLSA started operating on the fresh meals market. In fact, that was a category that had short supply in Portuguese stores and the introduction of Fleury Michon (**Exhibit 4**) was a truly success. This brand was sales leader in France and became an appreciated product by Portuguese consumers namely due to the diversity and quality of the portfolio available on the market. In 2007 the company launched for the first time their own brand: the juices So Natural (**Exhibit 5**), resulting from a partnership with the company Frubaça (Cooperativa de produtores de Maçã de Alcobaça). Those juices are made with the innovative technology HPP (High Pressure Processing), which allow having a juice with all the characteristics of a juice that was done in that moment but with an expiration date of 45 days, without any added water, sugar, colorants and preservatives. The technology HPP is a preservation process that eliminates all bacteria through a high pressure simulation. In opposite to the traditional method used by most of the companies that involves heat pasteurization, which is a process that destroys product nutritional balance and vitamins along with the damaging of flavor, fragrance, color and texture, HPP is a cold process that allows the juice to retain all the benefits of fresh fruit for 45 days. This conservation method allied with unique characteristic of that apple from Alcobaça makes those juices a differentiated product across several markets. For example in UK, stating the program "5 a day"[8] powered by the British National Health Service "it is one of the purest juices in the world" due to the requisite to contain the amount of 160g of fruit.

The product portfolio of the company can be divided in three main categories, juice/milky products, bakery/pastry and meals/factory (**Exhibit 6**).

The **Juicy/milky** products, are the ones with the biggest weight in the total sales and where is the best own brand of GLSA, the juices So Natural. Among this category there are yogurts, represented by the brands, Emmi, Kaiku and Triballat and the milk shakes from the brand Shakeria. Regarding the evolution from 2011 to forecast 2012 (**Exhibit 7**), the juices So Natural from Frubaça will increase 23% of the sales from 2011 to 2012, in contrast most of the yogurts decrease their sales from 2011 to 2012.

[8] http://eu-cozinho.blogspot.pt/2011/05/programa-de-saude-britanico-distingue.html

Regarding the **Bakery/pastry** products, the company entered as importer of bakery and pastry products through introducing cakes and breads of Group Norac, namely the brand "la Boulangère". This brand is forecasted to decrease the sales from 2011 to 2012 (**Exhibit 8**), but still represents the product with the highest weight in total sales.

Finally the category **Meals/factory**, where all the products produced by GL Food Solutions and other imported meal solutions are included. Within the imported products, fresh meals from Fleury Michon, Triballat and the Swedish Familjen Dafgard are included in this category. The brand Snock belongs to GLSA and most of the products of this brand are produced in the factory, with special focus on the sandwiches that are market leader. Regarding the evolution from 2011 to forecast 2012 (**Exhibit 9**), most of the sandwiches increase their sales and let to an overall higher weight of the factory sales on the total sales of the company. By contrast, meals decreased slightly the sales.

Although the categories have different weights in the sales of the company, the main goal is to balance the portfolio in a way that the categories have the same weight in the total sales. One of the reasons to balance the portfolio is related with the need to be less dependent from a determined category. In case there is a huge backward on a category it will not be so damaging for the company. However, categories have different growth potential and this balance can be difficult to achieve due to the current market trends.

3.4.4 Partners

"To be partners of Starbucks, IKEA and Gategourmet for example, is a honour but also a responsibility. Those are welcome cards that due to their exigency are helping us opening other paths to markets and clients." Douglas Gilman.

GLSA acts as a wholesaler in the market, which obliges them to have commercial activity with manufacturers and retailers. GLSA has the core of their business in the commercial activity; this is determinant to increase their position in the market. Finding good partners and negotiating the best margins is part of a daily routine that if it is not well implemented will not allow the company to buy or sell efficiently.

On de supply side the company has partners at the national level and international level. In Portugal the most important partners are GL Food solutions (which only sell to GLSA) and Frubaça. At the international level the main markets from where the company imports are France, Sweden and Switzerland. As shown in **Exhibit 7, 8** and **9**, Group Espanorac (Lá Boulangére), has the highest weight on the total sales, which makes them one of the most important suppliers. GL Food solutions, Dafgards, Frubaça, Kaiku and Triballat have also an important weight in the total sales of the company.

Regarding their clients (**Exhibit 10**), GLSA works with some of the best players in the food industry, namely in the field of modern distribution, which is the main channel accounting for roughly 80% of the total national sales since 2009 until 2012 (**Exhibit 11**) they have as main clients big retailers such as Continente from the Group Sonae, Pingo Doce from the Group Jerónimo Martins, Dia and Auchan. Among the convenience channel, which accounts for roughly 20% of the national sales (**Exhibit 11**), the main clients are distributors. Frozen and refrigerated products, vending machines, the Swedish giants IKEA, the airport, flight companies, as TAP, Easyjet and Fly Emirates; gas stations, as BP, Repsol and Galp; Starbucks, are some examples.

3.4.5 Competition

GLSA strives to have the first-mover advantage, being ahead of the competition by offering innovative products that were not yet known in the market. However, there were big players, namely in the dairy products that always represented a threat mostly due to the brand awareness they have compared with GLSA. Among the yogurts, players as Danone, Longa Vida or Lactogal had an extensive portfolio of products, which are well known, in the market due to their strong marketing campaigns. Regarding the juices, So Natural, they present features completely different from the offer within this sector. However, Compal launched on the market the juices Compal Essencial, which are slightly different once they are not exactly juice but pulp.

Nowadays the landscape has changed and if in the sandwich market, the main competitor is a Portuguese company located at Porto called Merenda[9], at the fresh meals, diary and juices the situation involves more concern. Big players as Danone lost

[9] http://www.merenda.pt/index.php?option=com_content&task=view&id=80&Itemid=82

37,5% of their sales in the Portuguese market in 2011, and other famous brands followed the same path mainly due to two factors: the crisis and the rise of cheaper alternatives, namely private label products. Taking advantage of the economic situation of the country, large retailers launched in the market several categories of products, called private label, in an attempt to differentiate themselves from the fierce competition of the large retailers industry. Those products are perceived by the consumer with less quality but can be sold at a lower price and consequently attracting several segments that wanted a cheaper solution.

3.4.6 Internationalization

"Export just begins beyond the Pyrenees or crossing the Atlantic" [10] Douglas Gilman

Since 2010 the company is trying to reach international markets and the main objective is to export to several clients beyond the Iberian Peninsula. The main products to export were the juices So Natural and frozen sandwiches produced at GL Food Solutions. The factory could be leveraged as an important factor of adaptation in order to adapt their production to the demands of the foreign market. The target markets the company was aiming were the ones with higher purchase power, namely, Scandinavian countries, France and Angola. The sectors in which the company was trying to distribute were through the channel Horeca, flight catering and the international large retailers.

The Spanish market was seen as a natural market that should be part of the business as a national market and not foreign. The entrance occurred in 2009 and aimed to start commercial activities with the key players of retail distribution and the Spanish Horeca channel. The entrance in that market was not easy, mainly due to cultural reasons, once Portuguese products were perceived with suspicion comparing to the Spanish products. However, the opening of an office in 2010 in the Capital of Spain, Madrid, with a local team with the aim of more efficient commercial interface, was a key factor that allows the company to be closer to the market and prove that their products could be interesting for Spanish consumers.

[10] http://www.revista.portugalglobal.pt/AICEP/PortugalGlobal/revista47/?Page=27

Having in mind the present mission of the company, "Be the reference partner on the creation of innovative and added value solutions in the food sector at a global scale"[11], to be present on the international markets and have commercial activity with the best partners at global level must be mandatory. In order to extend their commercial activity, GLSA is regularly present in some of the most important fairs[12] where important commercial relationships are created and get to know the quality and innovation of GLSA's products. A successful presence in a fair can be achieved in the case several potential clients have the opportunity to see the products and try them (**Exhibit 12**). "The opinion of the partners that come to our stand and try our products is extremely important for us"[13]. Those presences in fairs, associated with identified opportunities that were not explored in some markets led the company to export to Spain 2,5% of the total sales in 2010 and increase those exports to 5,9% by the end of 2012 (**Exhibit 13**). Although consolidate the Spanish market is mandatory, the company focuses their attentions also to export to countries as Norway, Sweden and England who were demanding increasingly So Natural juices and convenience products and others as Angola and Mozambique which are not yet buying from GLSA, but negotiations already started in order to enter in those markets. Actually, external clients apart from Spain started in 2010 to have a weight of 0,4%, but by the end of 2012 4,6% of the total sales are intended to be sold in those countries (**Exhibit 14**).

3.4.7 Prizes

After the entrance in the food industry field, GLSA was awarded with several prizes (**Exhibit 15**), namely the prize "Master of Distribution" by benecol, the best SME in the commerce sector in Portugal by Magazine "Exame", award excellence at work in the sector of FMCG and retail in 2010 by Diário Económico, and classification of SME leader by the office of support to small and medium enterprises (IAPMEI).

[11] http://www.glsa.pt/GeraPaginas.asp?V_ListaPagina=510&cod_menu=17&cod_sub_menu=39
[12] http://www.sialparis.com/, http://www.anuga.com/en/anuga/home/index.php,
[13] http://www.jornaldenegocios.pt/home.php?template=SHOWNEWS_V2&id=491755

3.5 A new market perspective

In the beginning of January 2011, Portugal suffered several austerity measures that led to a dramatic decrease on the consumption levels. Although the food sector is more resilient to maintain levels of consumption during periods of crisis, the increase of several taxes will have direct negative effects on the industry and probably on the end consumer, which will lead to a decrease of consumption of several products considered non-essential.

Changes in consumer preferences, influenced by the economic environment, led to a new trend on the market, the search for cheaper alternatives, private label products. Big retailers threatened by the raise of discount shops and taking advantage of the low cost of private label products launched several solutions, namely dairy products, ready-to-eat meals among other cheaper alternatives that led to a diminution of sales from GLSA to those key clients (**Exhibit 11**). Between 2009 and 2012 the total sales for modern distribution decreased more than 6 million euros. One of the reasons behind this lost is the sharp decrease of most of the dairy products and ready-to-eat meals (**Exhibit 16**) commercialized by GLSA, both consumers changed choices and retailers offered cheaper alternatives, as consequence, consumption of products that were considered non-essential across families dropped significantly, as the example of benecol (from EMMI), and other branded products.

GLSA, on the same period had invested 2 million in a new factory which shifted the production from a profitable small factory to a large unprofitable one. Due to this increase of operational costs and the decrease in terms of sales, the company suffered several changes in organizational terms, namely cuts and reformulations of employees. A completely different structure arose inside GLSA where the CEO, Douglas Gilman, started to be even closer to the business and working as a commercial manager dealing with the FMCG (Fast Moving Consumer Goods) retail sector. He meets regularly with the commercial department in order to assure constant feedback, and it is common to see him challenging the employees to taste and give their opinion about new products. He wants to make sure he makes part of everything is going on in the company. The commercial department was divided in three sectors: the FMCG retail, convenience and exports. The position of marketing director was abolished and the responsible for the exports accumulated that function, key account manager started dealing with the

Spanish market, merchandisers that were working all over the country visiting stores and 40 shelf stockers were also removed.

Those changes in the organizational structure led the company and those who work there to adapt their business to the economic crisis. By adopting a clear strategy to invert the current trend they wanted to increase factory production by exploiting new opportunities in international markets and create new solutions to the Portuguese market.

3.5.1 The turnaround

The factory presented negative results on the first year and GLSA had to explore new opportunities in order to open new contracts and increase production. They realized that sandwiches were a cheap and fast meal option that could start to be sold not only to convenience but in other markets. However, they had to redesign the concept of the traditional sandwich usually associated with ham, cheese, pulp, among others. Instead, the factory started producing sandwiches with more protein and diversity than those traditional ingredients, namely salmon, chicken, seafood, fresh cheese among others. New range of sandwiches (**Exhibit 17**) were launched, releasing the creative minds inside GLSA, different mix of ingredients resulted in offers completely unknown to the market. Those sandwiches had the particularity that had 3 or 4 days of expiration date but also can be frozen, and after defrosted continuing to be healthy, tasty and with a higher quality compared to the current offer. With this new range, the company reached clients that were not in this branch, covering not only convenience stores, but also big retailers and cafeterias which had frozen technology in order to help them avoiding losses of stocks. Moreover, frozen sandwiches could be exported easily, which facilitated the entrance of this product in several international markets, as for example, Spain (IKEA) and mainly Norway (Tine), which led to a tremendous increase of sales from 2011 to 2012 in terms of sales to external markets (**Exhibit 14**).

Along with the strategy to increase factory production, GLSA wants to find solutions of how to take advantage of food wastes in order to recover it and reutilize in other ways. At national level the company needs to continue adapting their offer to the current consumer needs offering more and more easy and fast solutions to prepare a healthy meal at low cost. Internationally they want to consolidate Spain as a “national”

market, and continuing explore high-value markets, as Angola, Sweden, Norway and England with product innovation and high traffic-flow of convenience products.

3.5.2 "Nature provides we simply select" – Product innovation

The current structure of the market obliges the company to be even more innovative that they have ever been. They need to offer products completely different of what the consumers are used in order to surprise and attract, and to add more value to the product.

At GLSA, every month there are sessions of brainstorming in order to leverage the creativity of every worker in the company. Each of them is encouraged to give their opinion without fear of being denied, because the best ideas can come from a failure, and serve as basis to build a better one. After a session of brainstorming and if good ideas are generated, the factory GL Food Solutions or Frubaça are responsible to "prototype" the product and send it to GLSA facilities in order to be analysed and tested by everyone.

In Portugal, consumers used to spend hours to prepare a meal, nowadays they need easier and faster solutions to deal with the lack of time available. GLSA is preparing to launch some products that have as main characteristic utility consumption, namely fresh hamburgers and meatballs. It consists of individual bulk packs for those who don't want to spend money on a full box, can buy those packages for only 0.99€ and save time by just warming up on the microwave. During festival periods, as birthday parties, Christmas, Easter or a simple reunion among friends it is useful to have snacks for those occasions. These snacks are presented in form of a sandwich platter, which can be frozen and in less than 1 hour defrosted and still have the same freshness. GLSA already has this product in Spain and it is well accepted; they are now ready to launch this product in Pingo Doce, who already demanded a special Christmas packaging (**Exhibit 18**), and the group Sonae already demanded samples with several alternatives. These innovative solutions aims to face the seasonality present in this convenience product. Similar platters, but in individual form (**Exhibit 19**) are also entering the market of flight companies, namely Easyjet, SATA, TAP among others, which are demanding frozen solutions in order to have fresh products but avoid stock losses.

Despite the Portuguese market currently demanding cheaper alternatives, the company continues to seek other innovative products to launch in Portugal, namely the hydrating Acqua Coco, coconut water with several health benefits, soya and oatmeal products.

In England, GLSA is currently finishing negotiations with the chain Pret a manger[14] in order to launch two innovative products that presently are seen with big expectations in the company to be market leaders of those products. The first one, which is a product already known and successful in United States, consists in a healthy and distinct flavoured Green juice (**Exhibit 20**) which is composed by a mix of vegetables like beetroot, cucumber and celery, but always with a base of apple from Alcobaça. Green Juices boost health in a variety of ways and it is proven to contribute to improved digestion, smoother skin, more energy and stamina[15]. The other product caused enormous surprise but also positive feedback from the company Pret a manger and it consists in an ice cream stick which instead of having ice cream has a piece of fruit (**Exhibit 21**). Those pieces of fruit as pineapple for example, can be frozen, and after defrosted still have 3 or 4 days to be sold and still have the same proprieties. Those two products are also starting to be present in the Portuguese market once there are high expectations about the acceptance of such products, mainly the Green Juices.

3.6 Exploiting a new channel

"Never be satisfied with the status quo" by Douglas Gilman

During the year of 2012, the company was increasing sales and opening contracts with new international clients. Those revenues were mostly associated with increasing sales to external markets. From 2011 to 2012, it was forecasted that the company would pass from 5% of exports in percentage of total sales to roughly 11% by the end of the year (**Exhibit 22**).

Despite the good results in terms of exports, the company was decreasing sales in the Portuguese market (**Exhibit 11**) sharply, and as an innovative company, which not only innovates in terms of products but also the way they sell them, Douglas Gilman

[14] http://www.pret.com/

[15] http://articles.timesofindia.indiatimes.com/2012-12-31/diet/31200484_1_fruit-juice-calcium-absorption-chlorophyll-molecule

knew the company needed to explore other channels in order to recover at the national level. The company was exploring indirect channels as modern distribution to big retailers and distributors and selling to small retailers as gas stations, Starbucks, among others. GLSA was missing a direct channel that could get the company closer to the end consumer and consequently increase sales and margins.

By exploring a new channel the company would be able to increase the level of sales and make a more efficient use of the factory capacity that is not currently being leveraged. The need for new consumers could be achieved by being closer to them, understand even better their preferences and complaints and create brand awareness about the products commercialized by the company GLSA. Those new consumers could be not only individuals, but also enterprises who need services of catering or coffee breaks, once by creating brand awareness the company could reach a broader market and promote their extensive offer among new types of clients.

3.6.1 Adding "consumer" as a new friend

An internet direct channel could be an efficient way to be closer to the end consumer due to the capacity of wide coverage at low operational costs.

Internet is a direct channel that is not yet widely used in Portugal, however according to an online survey by Nielsen, internet shopping is turning to be a normal habit among Portuguese consumers, once 8 in 10 Portuguese internet users affirm that already shopped online. Regarding the purchasing of grocery products online, Portugal is in line with the European average, around 9% but still far behind countries as United Kingdom (22%) and Switzerland (14%).

The use of internet can give several opportunities for the company explore, namely a direct marketing of products. Some of the most successful products in the external market, as the juices So Natural, don't have a lot of visibility on the big retailer's shelves due to the lack of positioning on the market and consumer perception regarding the product attributes. By adding an internet direct channel to their distribution network the company would be able to give more exposure to their products which are appreciated by most of those who try it but still unknown for the majority of the

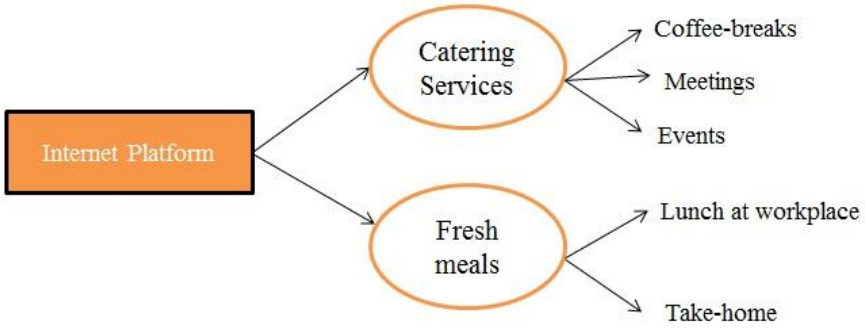
consumers. A key issue to be managed is the efficiency of the delivery system and the prices, which should be both favourable for consumers, by buying at a lower price than in a normal store, and for the company, once it can sell with a better margin than it gets from retailers.

The usage of a channel is not limited to the promotion of the current products, but also creates new solutions to satisfy other needs. In fact, an internet channel can be a useful tool to sell new products experimentally or test the acceptance of a new service, once it can be constantly updating information and getting reactions and feedback from the consumers on the moment and get useful information from the target by the social Medias, as Facebook and Twitter.

3.7 The project

It was September 2012 and the company hired a new project manager who would be responsible for the project planning, the business model and identify all the constraints in order to enter successfully in the online channel. A market research was conducted in order to study the potential consumer needs within the food sector and collect information regarding preferences and opinions about this industry. Moreover, trends within this industry to analyse the sustainability of a project were also studied.

The proposed project consists in the creation of an online platform that is intended to cover two types of clients: enterprises and employees. This platform allows enterprises to order catering and coffee-break services and individual consumers to order ready fresh meals through internet during lunch time and get it delivered on their workplace. Those meals have the particularity to be healthy, affordable and not too heavy, and the consumer has the possibility to take home most of those fresh products delivered during the same period. Moreover, consumers have the possibility to check the nutrients and calories presented in the combination of products chosen.



This service is particularly useful for those workers who don't have time to prepare meals or snack before leaving home, those who can't afford restaurant meals, don't want to have a heavy meal, don't have canteen or usually work at their desks during lunch time. With this service, workers can avoid busy lines; can have a real image of the meals before buy it, know the amount of calories they are eating and get it comfortably delivered on their workplace. Regarding the enterprises, this service is appropriated for companies that needs to order catering or simply coffee-breaks during meetings.

GLSA has already several products that can be offered to this service, they just need to rearrange their orders and adapt their production in order to choose the best products that can fit the needs of consumers. However, there are some key issues the company should take care in order to guarantee an efficient service, namely the reliability of the transportation, good organizational skills and the geographic segmentation. The core values that this service aims to deliver to consumers are healthy, diversified and fast meals; delivery on the workplace; friendly order process and payment.

3.7.1 Project planning

Regarding the planning of this project it consisted in four different phases that were drawn in order to guide the project manager identifying all the key points and all the possible constraints associated with the project.

In the beginning of the **first phase** a market research and a survey (**Exhibit 23 to 41**) were conducted in order to find out customer preferences regarding their habits during lunch time. This survey was main objectives of this survey were find out if workers are satisfied with the current offer they have during lunch time, identify

preferences regarding food and drinks and determine the percentage of people who would use this service.

All the information gathered from the survey was fundamental to identify the target market and the geographic segmentation where those potential clients are, accordingly with a previous market research done. The market research helped to identify the target clients that would be more willing to use the service and organize them by clusters in order to make a geographic segmentation (**Exhibit 42**). The criteria chosen were the sector where the enterprise operates, the dimension of the enterprise, the ability to provide canteen and the density of enterprises in a determined area. Having those criteria in mind the four clusters chosen were: Azambuja, Lisbon – Parque das nações, Lisbon – center and Oeiras.

During the **second step** it is important to define the product portfolio that will be offered for consumers and companies, the logistic and identify the main competitors on the market.

Regarding the products, the company will adapt some of their products already on the market, namely yogurts, juices So Natural of 125ml, 250ml and 750ml, soups, salads, among others. However the core of the products will be the sandwiches which should be, as described before, rich in proteins and healthy. In the beginning of the service the ultra-fresh sandwiches available are restricted to the current offer (**Exhibit 17**) but the goal is to extend the range of sandwiches by launching new mix of products.

One of the needs that GLSA is trying to cover is the situation where the service works as a contingency plan. Having this in mind, two types of clients would be defined: does that place their orders online on the previous day and the ones that just feel the need to find an easy and fast solution to eat closer to the moment of lunch. For those types of clients, the driver would be used as a promoter and pass in the company's corridors with the GLSA products in order to satisfy those emergences.

Regarding the product range, offered with the catering service and coffee-breaks, GLSA aims to deliver innovative sandwiches platters with triangles provided with high levels of protein (**Exhibit 43**), that must be carefully prepared in order to be presented in an elegant and distinctive way (**Exhibit 44**).

On the **third step**, the company should design the website in order to start promoting the service and describe the main activities. The platform must ensure that it influences consumer's decision to use it and get a positive reaction about that experience. Therefore, the platform must be user friendly, have an accessible interface and avoid concerns of low information security. The main page must be attractive, providing some excitement and sophistication enhance the name of the service and five main links to provide fundamental information:

- *How does it work*: Explain the business model, how it should be ordered, when it will be delivered and how can it be paid.
- *Menus*: Presentation of the products that can be offered in terms of sandwiches, salads, juices, yogurts, among others and possibilities of mix products and create a pack with information regarding calories and nutrients.
- *Order now*: If it is first time ordering, the client must fill a form, in order to get a client number, in a fast, concise and clear way to avoid taking too much time. If the client already has a client number it can process the order by choosing the products or a complete pack; it must have a minimum consumption value.
- *Corporate catering*: describe the service, when can it be useful and possibilities offered that includes picnic platters, miniatures with triangles and wraps and So Natural juices.
- *FAQ* (*Frequently asked questions*): To clarify possible doubts regarding general information, orders, deliveries, forms of payment, customer loyalty, corporate business catering, cancelation and complaints.

Finally the **fourth step**, the company should start contacting potential clients, explain the service, send the offers by email (catering) authorize the entrance of a promoter inside the company to deliver the meals and pass along with offers to other potential clients.

Following it is summarized the 4 phases of the project planning:

1st Phase	2nd Phase	3rd Phase	4th Phase
- Market research and survey; - Geographic segmentation; - Target clients.	- Define product portfolio; - Define logistics; - Identify competitors.	- Design website; - Platform features; - Social medias	- Contact clients; - Promote the service on the client.

3.7.2 Project forecasts

The project team was responsible to present forecasts regarding the implementation of the service. The objective is to get a big picture view of the forecasts and assess how this project will deliver value.

Product prices and costs associated with the product portfolio available for this service were assessed in order to determine margins (**Exhibit 45**). Regarding sales costs, the project manager took into account the costs of buying from GL Food solutions, warehousing, sales force and losses. The average price per unit for meals is 1,58€ and catering is 5,98€; concerning average cost per unit it is 0,86€ and 3,13€ respectively.

Regarding the costs associated with the project (**Exhibit 46**), an investment in a new vehicle with cooling system in order to keep meals fresh during the distribution. Moreover, it was calculated the costs of transportation, namely fuel consumption, tolls and the driver, that will be also a promoter offering the products presented on a tray. Finally it is needed to photograph the products in order to create menu flyers to be distributed in the target companies.

To forecast demand the project manager analysed the data collected from the survey (**Exhibit 23 to 41**) and made some assumptions linking those inputs with demographics (**Exhibit 47**). Depending on the departments, consultancy companies, the target clients, usually have around 30/40% of their employees on the office and the rest of them working at the client. Demand is expected to increase as the service is reaching a broader market within our target clients. Word of mouth, social Medias, promotions at the client and flyers will be key drivers to increase sales aligned with good reputation concerning the service efficiency and meals composition.

3.8 Conclusion

Douglas Gilman sat on his chair inside his office and wonder about all the possibilities that will be discussed in the following end of the year meeting. The company was just struggling to close the year by reaching the break-even in order to avoid losses and decide the strategy for the following years. Despite the successful path the company took in the market it seems that new solutions are needed in order to invert the current trend in terms of sales.

A set of new products were just ready to be launched on the market in order to bring new solutions that conciliates both innovation and quality patterns. Those products are aligned with the company philosophy and mission to be the reference partner in the creation of innovative solutions at a global scale in the food market.

GLSA aims to continue increasing factory production, not only ultra-fresh solutions but also frozen sandwiches to be exported. Internationally, there are good perspectives regarding new contracts with British and Norwegian companies and several markets are currently being targeted to be explored.

Facing a current general economic crisis, mainly in the Portuguese market, the company sees the entering in an online channel as an open sea of possibilities. An online platform can be an excellent way to improve sales, reach consumers and promote the current product portfolio as a marketing channel. However, there were some issues that could be a break to this channel, namely the need for new investments, higher costs and the truly usefulness of the channel in a context of economic recession.

The meeting was about to begin with Douglas Gilman, the commercial department and the project manager who will present the project and how it can be valuable for the company in order to justify the investment on it.

3.9 Exhibits

Exhibit 1 – Figurative painting

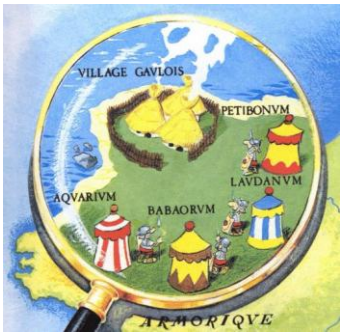


Exhibit 2 – The factory in Azambuja

Exhibit 3 - Benecol

Exhibit 4 – Fleury Michon

Exhibit 5 – Juices So Natural

Exhibit 6 – Product portfolio weight in total sales

Exhibit 7 – Dairy/juices 2011vs2012

Categories	Values		%	
	Total sales 2011	Total sales 2012	2011	2012
Dairy/juices	**7.233.823,76 €**	**6.251.244,07 €**	**41,06%**	**37,58%**
EIRESPAN	218.701,82 €	237.937,57 €	1,24%	1,43%
EMMI	1.051.937,52 €	722.288,07 €	5,97%	4,34%
FRUBAÇA	1.768.100,12 €	2.307.237,17 €	10,04%	13,87%
KAIKU	2.465.389,60 €	1.741.790,49 €	14,00%	10,47%
SHAKERIA	387.102,35 €	301.101,53 €	2,20%	1,81%
SILDOCES	13.910,70 €	3.569,70 €	0,08%	0,02%
TRIBALLAT	945.657,99 €	729.554,77 €	5,37%	4,39%
YARANZA	383.023,65 €	207.764,77 €	2,17%	1,25%

Exhibit 8 – Pastry/bakery 2011vs2012

Categories	Values		%	
	Total sales 2011	Total sales 2012	2011	2012
Pastry/bakery	**5.259.897,75 €**	**4.890.048,19 €**	**29,86%**	**29,40%**
DANCAKE	7.246,70 €	- €	0,04%	0,00%
ESPANORAC	5.202.209,43 €	4.860.225,85 €	29,53%	29,22%
LOC MARIA	22.452,81 €	- €	0,13%	0,00%
Others Pastry and bakery	- €	11.481,00 €	0,00%	0,07%
PROJECTO BOB	27.988,82 €	18.341,34 €	0,16%	0,11%

Exhibit 9 – GL Food Solutions/meals 2011vs2012

Categories	Values		%	
	Total sales 2011	Total sales 2012	2011	2012
GL Food Solutions	**3.166.486,39 €**	**3.879.790,09 €**	**17,98%**	**23,32%**
Baguettes	84.935,46 €	174.936,88 €	0,48%	1,05%
Airline catering	- €	27.933,12 €	0,00%	0,17%
Burgers	313.928,22 €	578.211,53 €	1,78%	3,48%
HOT DOGS	- €	17.690,42 €	0,00%	0,11%
MENUS	37.969,23 €	41.281,11 €	0,22%	0,25%
Other sandwiches	43.106,80 €	701.440,72 €	0,24%	4,22%
Other Aguamais	48.309,20 €	31.508,57 €	0,27%	0,19%
Pulp	379.653,50 €	234.695,30 €	2,16%	1,41%
Triangles	57.712,32 €	72.808,01 €	0,33%	0,44%
Meals/Salads	11.888,17 €	35.328,85 €	0,07%	0,21%
Frozen Sandwiches	199.049,58 €	307.443,82 €	1,13%	1,85%
SNACKS	379.960,86 €	103.817,58 €	2,16%	0,62%
Tomato	33.784,88 €	11.611,23 €	0,19%	0,07%
Triangles card	276.063,06 €	429.919,91 €	1,57%	2,58%
Triangles Plastic	24.560,57 €	17.779,67 €	0,14%	0,11%
Triangles plastic ATM	1.089.166,16 €	916.853,07 €	6,18%	5,51%
WRAPS	186.398,38 €	176.530,31 €	1,06%	1,06%
Meals	**1.955.841,07 €**	**1.613.730,78 €**	**11,10%**	**9,70%**
DAFGARDS	827.095,44 €	835.075,84 €	4,70%	5,02%
EMMI	232.636,89 €	290.398,59 €	1,32%	1,75%
FLEURY MICHON	388.108,72 €	209.057,22 €	2,20%	1,26%
TRIBALLAT	308.060,66 €	235.576,78 €	1,75%	1,42%
UNISELF	83.452,35 €	43.622,35 €	0,47%	0,26%
VLEEMS	116.487,01 €	- €	0,66%	0,00%

Exhibit 10 – GLSA's clients

Exhibit 11 – Total national sales from 2009 to 2012

Portugal	2009	2010	2011	2012
Pingo Doce	6.678.072,64 €	6.021.521,66 €	5.443.498,61 €	4.302.795,90 €
Sonae	5.256.130,91 €	4.828.147,02 €	4.105.084,46 €	2.945.833,13 €
Auchan	2.033.316,10 €	1.948.388,55 €	1.812.098,60 €	1.784.232,59 €
Dia	1.019.857,46 €	1.119.891,04 €	722.342,08 €	500.878,97 €
ITM	1.150.851,72 €	924.569,83 €	597.435,31 €	473.812,77 €
El Corte Ingles	459.155,67 €	448.522,92 €	391.013,33 €	348.276,83 €
Makro	127.931,80 €	99.338,43 €	61.499,27 €	13.166,13 €
Others	269.927,23 €	215.116,09 €	131.194,80 €	80.654,99 €
Total modern distribution	16.995.243,54 €	15.605.495,54 €	13.264.166,46 €	10.449.651,30 €
Distributors	1.437.984,00 €	1.820.902,79 €	1.530.084,98 €	1.370.289,10 €
Vending machines	980.644,61 €	1.036.085,84 €	678.095,81 €	288.077,15 €
IKEA	34.434,77 €	198.159,66 €	199.455,43 €	152.933,89 €
TAP	792,00 €	- €	144.916,80 €	251.631,16 €
Easyjet	- €	- €	- €	23.032,66 €
Carlos Moya	21.415,09 €	32.898,22 €	81.277,89 €	153.177,84 €
EVA transportes	- €	- €	69.050,23 €	- €
Ibersol	42.260,70 €	122.279,87 €	51.956,53 €	55.406,82 €
Decathlon	51.919,69 €	39.297,22 €	28.862,74 €	32.874,32 €
M24	309.749,06 €	259.450,44 €	121.155,23 €	164.419,59 €
Repsol	320.142,07 €	267.992,49 €	113.197,89 €	222.215,08 €
BP	135.455,03 €	66.590,96 €	3.593,88 €	92.963,45 €
Cepsa	230.943,53 €	93.182,88 €	11.079,20 €	3.647,74 €
Horeca	183.262,19 €	183.716,56 €	170.280,64 €	49.197,21 €
Grocery stores	168.309,71 €	214.463,28 €	123.282,20 €	96.347,41 €
Others	32.175,72 €	47.774,66 €	41.963,95 €	130.360,89 €
Total convenience	3.949.488,15 €	4.382.794,87 €	3.368.253,41 €	3.086.574,32 €
GL Food Solutions	56.484,69 €	104.875,53 €	50.889,54 €	9.592,18 €
Total sales	21.001.216,38 €	20.093.165,94 €	16.683.309,41 €	13.545.817,80 €

Exhibit 12 – GLSA stand on an international fair

Exhibit 13 – Total Sales Spain

Spain	2009	2010	2011	2012
IKEA	208.903,03 €	214.367,80 €	341.031,68 €	388.429,21 €
Starbucks	32.557,09 €	127.517,82 €	222.926,93 €	79.567,42 €
Spanish Distributors	124.317,13 €	159.348,27 €	164.560,90 €	129.852,68 €
Valencia	16.653,83 €	9.587,14 €	9.878,36 €	9.161,92 €
Alcampo	- €	- €	- €	115.586,92 €
El Corte Ingles Spain	- €	4.472,20 €	324,00 €	104.861,20 €
Others	1.611,20 €	3.529,04 €	39.172,36 €	73.589,18 €
Total sales Spain	384.042,28 €	518.822,27 €	777.894,23 €	901.048,54 €
Total Sales	21.424.958,03 €	20.698.564,98 €	17.525.645,49 €	15.150.890,75 €

Exhibit 14 – Total Sales Exports (non-Spain)

Exports	2009	2010	2011	2012
Sweden	- €	- €	26.577,60 €	3.304,88 €
Ireland	- €	16.134,24 €	7.974,09 €	- €
Switzerland	36.093,12 €	41.416,56 €	5.180,76 €	- €
Belgium	- €	9.475,20 €	- €	- €
Norway	- €	- €	1.793,90 €	673.102,27 €
England	- €	- €	- €	386,84 €
Poland	3.606,24 €	19.550,76 €	- €	- €
Others	- €	- €	22.915,50 €	27.230,41 €
Total Exports (non-spain)	39.699,36 €	86.576,76 €	64.441,85 €	704.024,41 €
Total Sales	21.424.958,03 €	20.698.564,98 €	17.525.645,49 €	15.150.890,75 €

Exhibit 15 - Prizes

Exhibit 16 – Comparison between 2011 and 2012 total sales by category

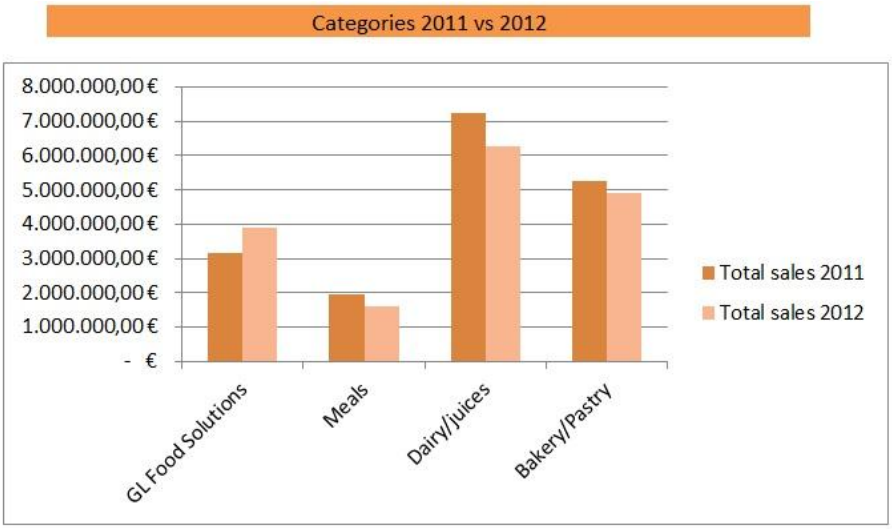


Exhibit 17 – Example of some innovative sandwiches

Exhibit 18 – Example of a sandwich platter that will be available for the Christmas period

Exhibit 19 – Platter for flight companies

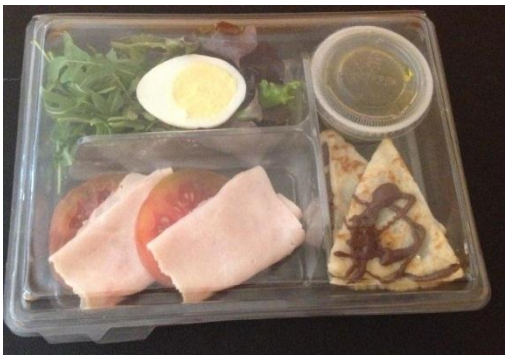


Exhibit 20 – Green juices

Exhibit 21 – Fruit with a stick

Exhibit 22 – Total GLSA's sales

GLSA	2009	2010	2011	2012
Modern distribution	16.995.243,54 €	15.605.495,54 €	13.264.166,47 €	10.449.651,30 €
Convenience	3.949.488,15 €	4.382.794,87 €	3.368.253,41 €	3.086.574,32 €
GL Food Solutions	56.484,69 €	104.875,53 €	50.889,54 €	9.592,18 €
Total National	21.001.216,38 €	20.093.165,94 €	16.683.309,41 €	13.545.817,80 €
Spain	384.042,28 €	518.822,27 €	777.894,23 €	901.048,54 €
Exports	39.699,36 €	86.576,76 €	64.441,85 €	704.024,41 €
Total International	423.741,64 €	605.399,03 €	842.336,08 €	1.605.072,94 €
Total sales	21.424.958,03 €	20.698.564,98 €	17.525.645,49 €	15.150.890,75 €

Survey data collected

Exhibit 23 – geographic areas work/Use the service

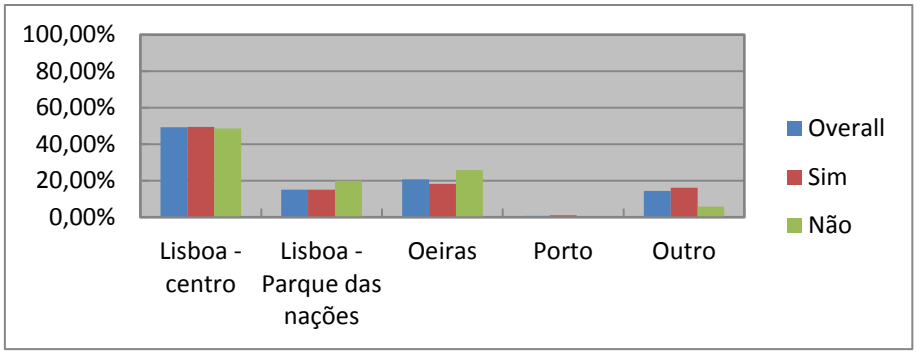


Exhibit 24 - Age/Use the service

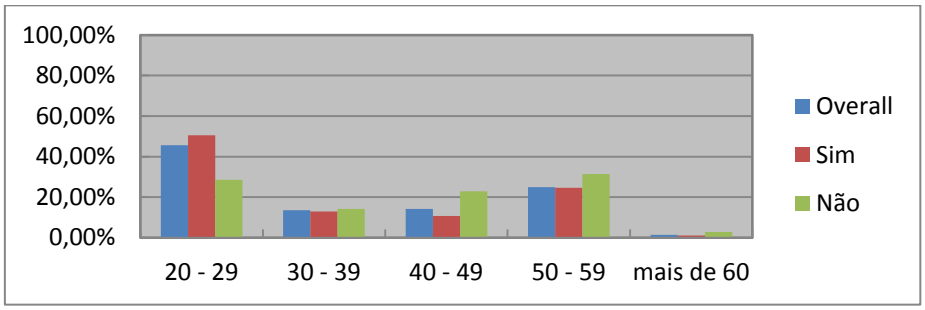


Exhibit 25 - Gender/willingness to use the service

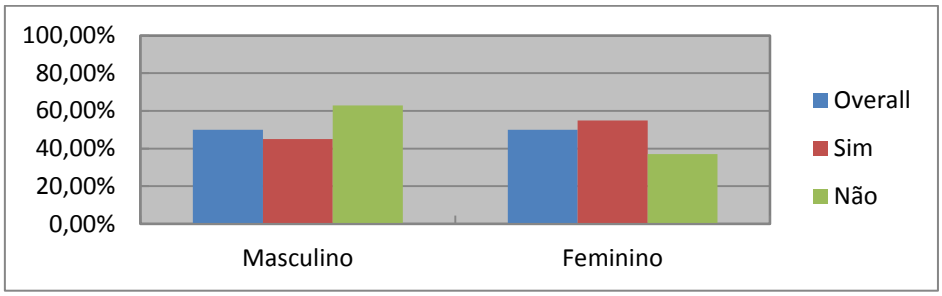


Exhibit 26 - Company's size (# of employees)/Use the service

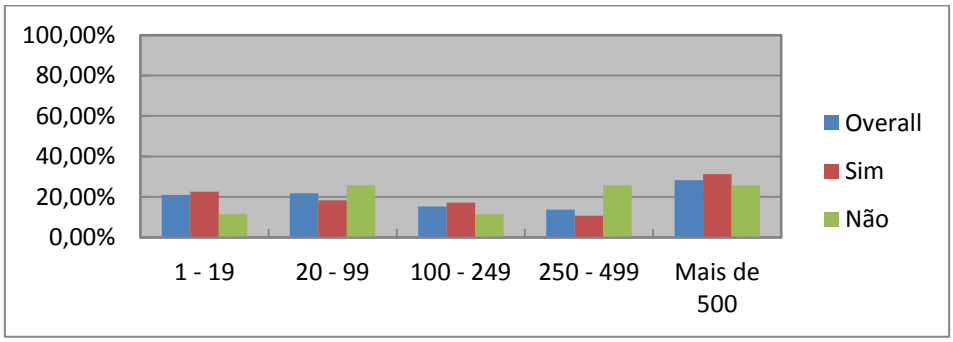


Exhibit 27 - Where do you usually have lunch/Use the service

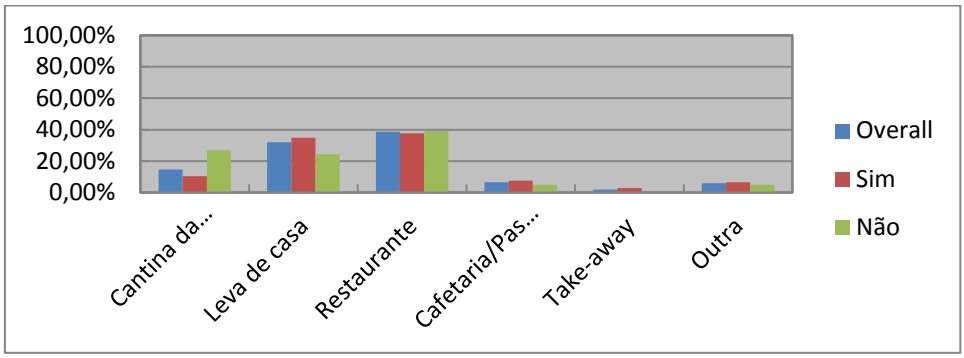


Exhibit 28 - The Company where you work has a canteen/Use of the service

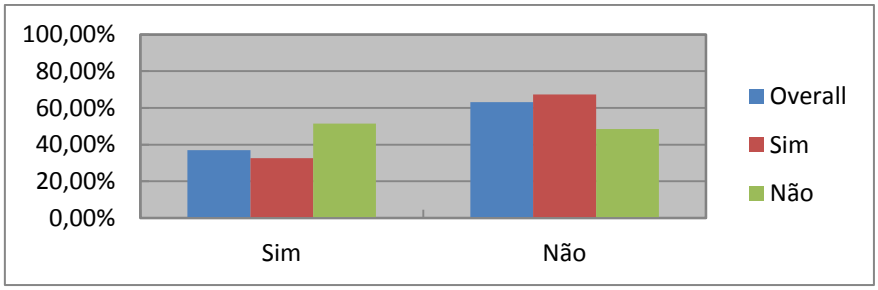


Exhibit 29 - On average how many times you have lunch out of the company?

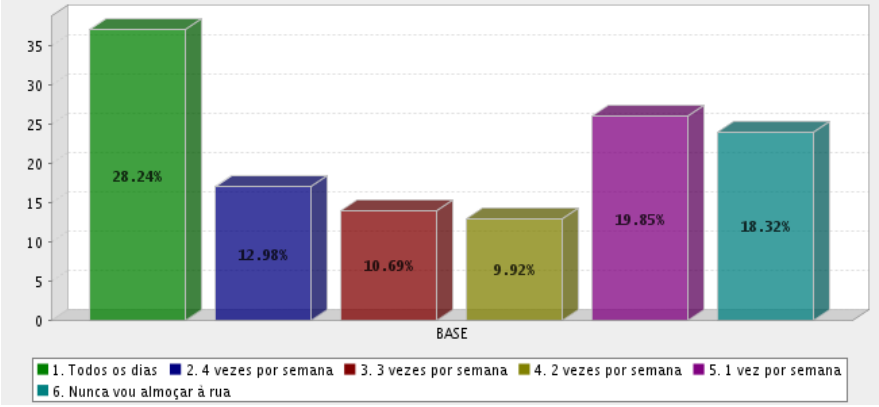


Exhibit 30 - Degree of satisfaction regarding quality

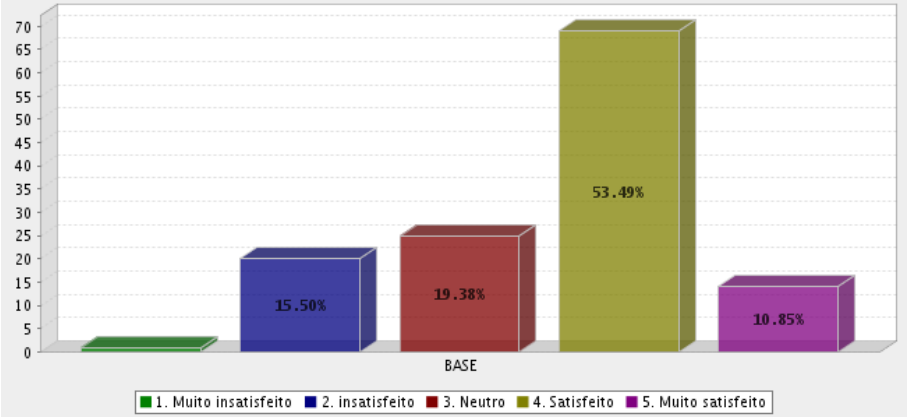


Exhibit 31 - Degree of satisfaction regarding fastness

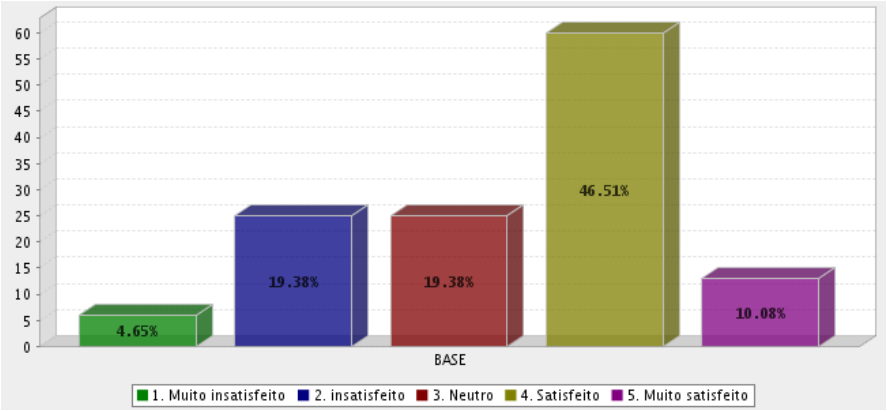


Exhibit 32 - Degree of satisfaction regarding variety

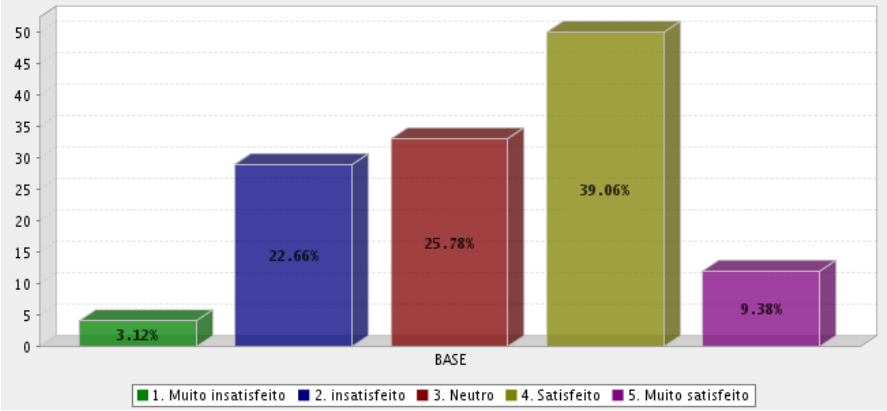


Exhibit 33 - Degree of satisfaction regarding healthiness

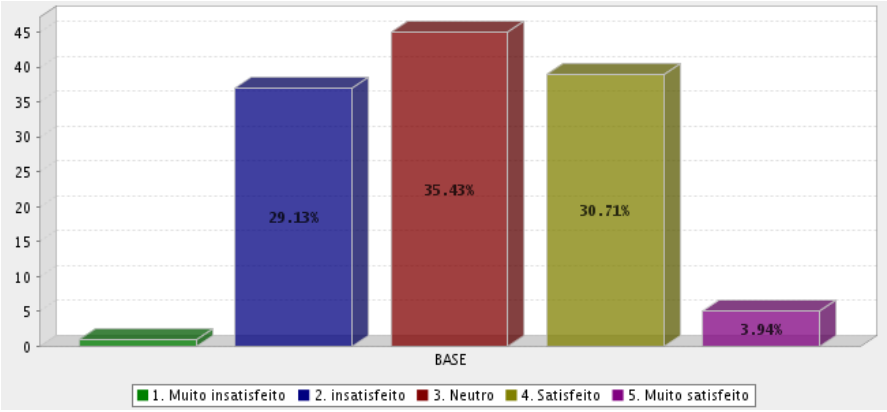


Exhibit 34 - On average willingness to pay out of the company

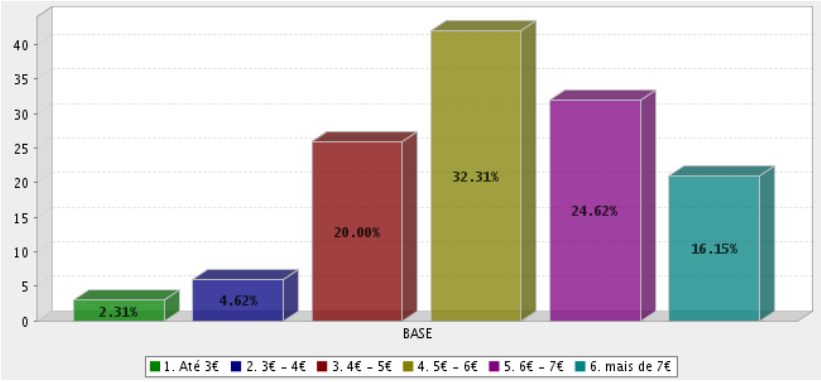


Exhibit 35 - Among these options which you consume during lunch time

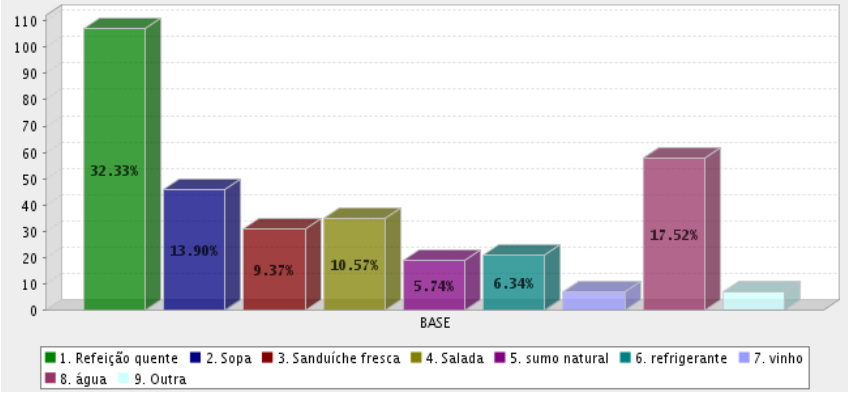


Exhibit 36 - Feels that has a balanced and healthy meal/Use the service

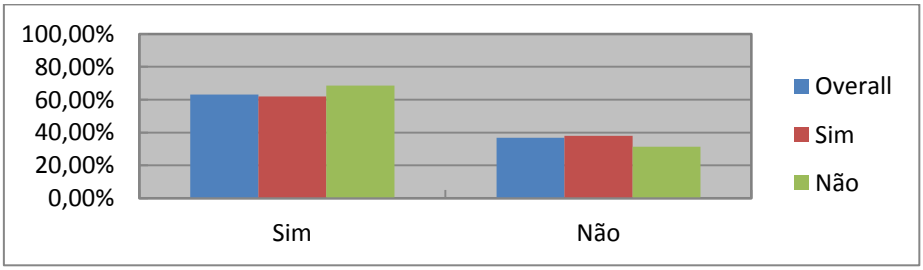


Exhibit 37 - Shop online/Use the service

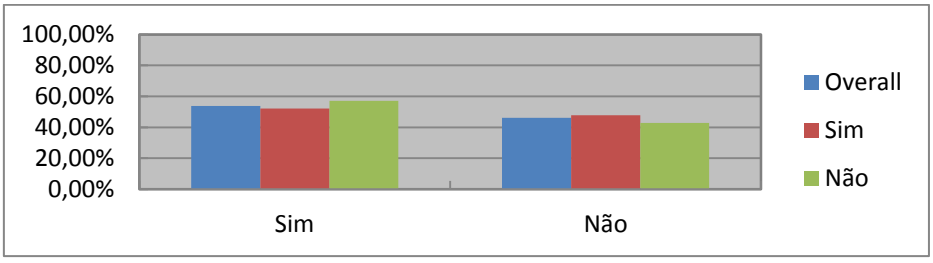


Exhibit 38 - Attributes value to order food in less than 2 minutes through internet/Use the service

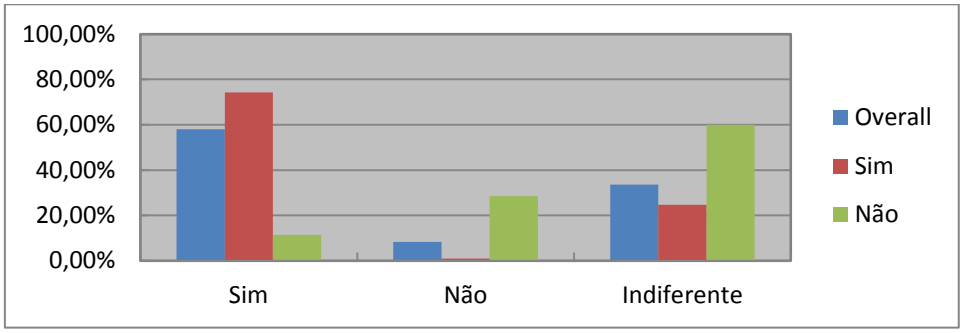


Exhibit 39 - Would you take home the products offered/Use the service

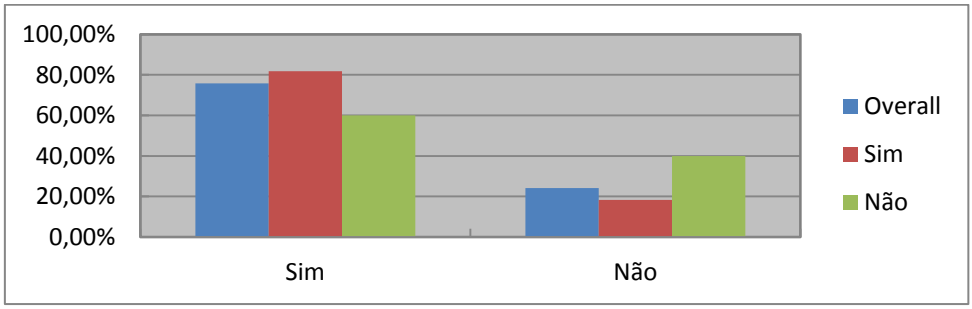


Exhibit 40 - Value attributed to see the information of nutrients and calories during the process of choice/Use the service

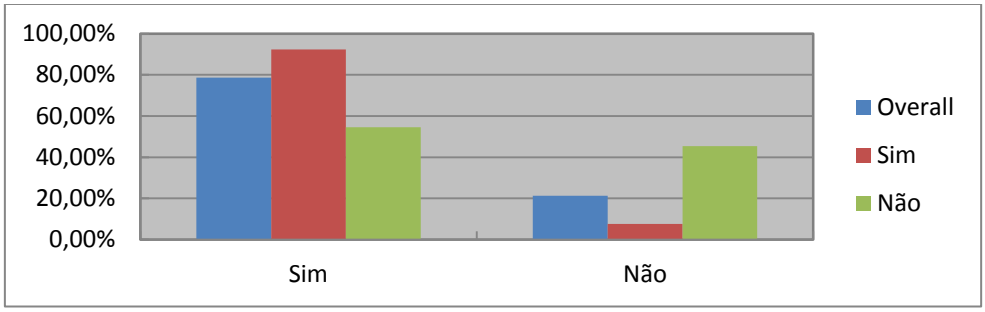


Exhibit 41 - Would you use the service to lunch at workplace?

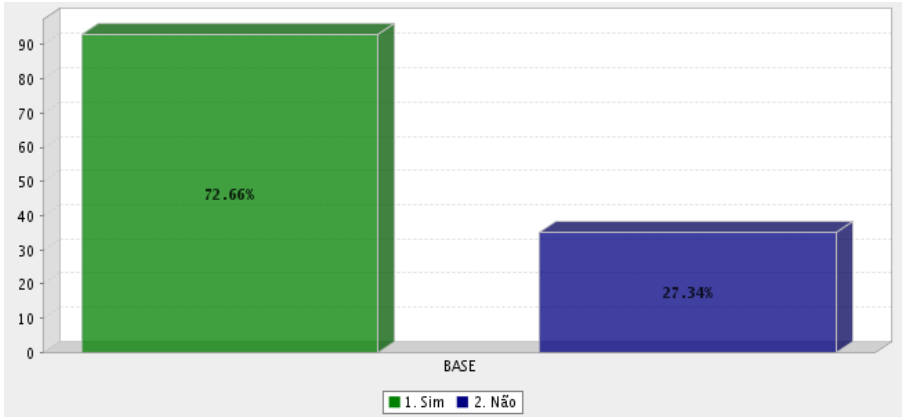


Exhibit 42 – Clusters

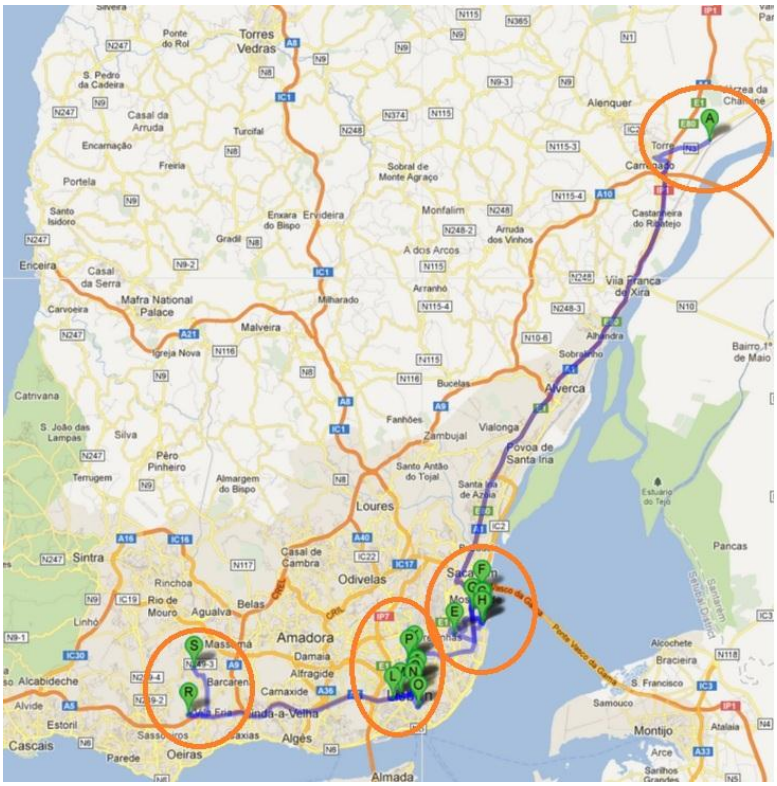


Exhibit 43 - Platters for events, meetings, coffee-breaks

Exhibit 44 – Suggestion of platter presentation

Exhibit 45 – Product Prices

Platters	Net Price GL	Cost GL	Margin GL	PVP
Platter 22 units (8 cheese, 8 ham and 6 mixed)	7,76 €	4,51 €	42%	9,54 €
Platter 22 units (4 cheese, 4 ham, 2 mixed, 4 tuna pulp, 4 chicken pulp and 4 sea food pulp	8,74 €	4,90 €	44%	10,75 €
Platter 18 units (6 chicken pulp, 6 sea food pulp and 6 tuna pulp)	6,91 €	4,17 €	40%	8,50 €
Platter 12 units (4 cheese, 4 ham and 4 mixed)	4,63 €	2,24 €	52%	5,70 €
Platter rectangular bread without crust 14 units (2 salmon, 2 turkey, 3 sea food, 3 tuna and 4 chicken w/ dry tomato)	4,94 €	2,18 €	56%	6,08 €
Platter rectangular bread 14 units (8 mixed and 6 tuna pulp)	4,34 €	1,91 €	56%	5,34 €
Canapé cereal bread 9 units (3 presunto, 3 salmon and 3 sea food)	4,56 €	2,01 €	56%	5,61 €
Juices	Net Price GL	Cost GL	Margin GL	PVP
Sonatural 750ml strawberry	2,56 €	1,57 €	39%	3,15 €
Sonatural 750ml Mango	2,56 €	1,57 €	39%	3,15 €
Sonatural 750ml red fruits	2,56 €	1,57 €	39%	3,15 €
Sonatural 750ml Carrot	2,56 €	1,57 €	39%	3,15 €
Sonatural 750ml Orange	2,56 €	1,57 €	39%	3,15 €
Sonatural 250 ml strawberry	1,02 €	0,56 €	45%	1,25 €
Sonatural 250ml mango	1,02 €	0,56 €	45%	1,25 €
Sonatural 250 ml red fruits	1,02 €	0,56 €	45%	1,25 €
Sonatural 250 ml orange	1,02 €	0,56 €	45%	1,25 €
Sonatural 250 ml peach	1,02 €	0,56 €	45%	1,25 €
Sandwiches	Net Price GL	Cost GL	Margin GL	PVP
White baguette with tomato and Mozzarella	1,63 €	0,98 €	40%	2,00 €
White baguette roast beef and tomato	1,63 €	1,19 €	27%	2,00 €
Paninni Square with Surimi and Arugula	1,42 €	0,93 €	35%	1,75 €
Polar Bread with Flamengo and Chouriçao	1,63 €	1,01 €	38%	2,00 €
Multicereals bread salmon	1,63 €	1,15 €	29%	2,00 €
Sandwich turkey	1,42 €	0,89 €	37%	1,75 €
Sandwich sea food	1,42 €	0,94 €	34%	1,75 €
Multicereals bread chicken tomato and mozzarela	1,63 €	1,23 €	24%	2,00 €
Polar Bread with curd, Honey and Walnuts	1,63 €	1,13 €	30%	2,00 €
Rye Baguette 16 cm Curd, sweet of pumpkin and cinnamon	1,63 €	1,34 €	18%	2,00 €
Rye bread slices, goat cheese, tomato and Arugula	1,63 €	1,21 €	26%	2,00 €
Bread Cereals rectangular fresh cheese, tomato and lettuce	1,63 €	1,22 €	25%	2,00 €
Chicken wrap	1,42 €	0,93 €	34%	1,75 €
Sea food wrap	1,42 €	0,89 €	37%	1,75 €
Tuna Wrap	1,42 €	0,79 €	45%	1,75 €
Snock Croissant mixed	0,73 €	0,45 €	39%	0,90 €
Snock Pão de Deus	0,73 €	0,45 €	39%	0,90 €
Snock Pão de leite	0,73 €	0,45 €	39%	0,90 €

Desserts	Net Price GL	Cost GL	Margin GL	PVP
Sojasun dessert caramel	2,03 €	1,18 €	42%	2,50 €
Sojasun dessert coffee	2,03 €	1,18 €	42%	2,50 €
Sojasun dessert chocolat	2,03 €	1,18 €	42%	2,50 €
Sojasun dessert vanilla	2,03 €	1,18 €	42%	2,50 €
Sojasun dessert biscuit	2,03 €	1,18 €	42%	2,50 €
Snock Passionfruit mousse	1,42 €	0,71 €	50%	1,75 €
Snock cheesecake strawberry	1,42 €	0,71 €	50%	1,75 €
Milk Shakes	**Net Price GL**	**Cost GL**	**Margin GL**	**PVP**
Shakeria Capuccino	1,42 €	0,83 €	41%	1,75 €
Shakeria Machiatto	1,42 €	0,83 €	41%	1,75 €
Shakeria chcolate	1,42 €	0,83 €	41%	1,75 €
Shaeria Strawberry	1,42 €	0,83 €	41%	1,75 €
Yogurts	**Net Price GL**	**Cost GL**	**Margin GL**	**PVP**
Emmi Swiss Strawberry 175g	0,53 €	0,25 €	53%	0,65 €
Emmi Swiss Mango 175g	0,53 €	0,25 €	53%	0,65 €
Emmi Swiss Pineapple 175g	0,53 €	0,25 €	53%	0,65 €
Natural Sojasun	0,61 €	0,32 €	47%	0,75 €
Sojasun Specialty Peach / Lychee	0,77 €	0,40 €	48%	0,95 €
Sojasun Figs	0,77 €	0,40 €	48%	0,95 €
Sojasun Apricot/Guava	0,77 €	0,40 €	48%	0,95 €
Sojasun Raspberry/passionfruit	0,77 €	0,40 €	48%	0,95 €
Sojasun Berries	0,77 €	0,40 €	48%	0,95 €
Soups	**Net Price GL**	**Cost GL**	**Margin GL**	**PVP**
SoNatural Soup Fresh carrot, saffron	1,46 €	0,69 €	53%	1,80 €
SoNatural Soup Fresh Basil and Courgette	1,46 €	0,69 €	53%	1,80 €

Exhibit 46 – Project costs

Costs	
Peugeot Partner 1.6 HDI	5.900,00 €
Gaz consumption	466,79 €
Tolls	110,00 €
Driver/Promotor	840,00 €
Tray	50,00 €
Apron	10,00 €
Photograph products	170,00 €
Menu flyers	150,00 €

Exhibit 47 - Demographics

Portugal employed population	4.662.500
Lisbon employed population	1.187.600
Consultancy/auditing companies in Lisbon	400
Average number of employees/company	300

4. Methodology

Having in mind the research questions presented in the introduction chapter, it was important to collect qualitative and quantitative data in order to support the answers for each question.

Starting with the quantitative data, a **survey** was designed to be distributed online through Questionpro and 131 completed answers were collected. This method was chosen because it seemed to be the best way of providing quantitative information from different targets while ensuring confidentiality and trustworthy answers. One of the main drivers for the construction of the survey were the collection of demographic data fundamental to determine the customers to target, namely assess the geographic segmentation (4 clusters), the target age, company dimension and activity. The second part of the survey aims to get information about consumer satisfaction and preferences during lunchtime and usage of internet. Finally, the third part intends to determine if the service would be useful and valuable for the respondent.

In addition to the survey, **secondary data** was also collected from scientific articles, to construct a Literature Review chapter providing not only important concepts (internet direct channel) for this study but also market and consumer analysis and trends that are important for the elaboration of the case study and teaching notes. This chapter provided both quantitative and qualitative data.

Regarding the qualitative data collected, an initial **interview** with Douglas Gilman, the CEO of GLSA, was fundamental to gather detailed and reliable information about specific events that happened in GLSA since the foundation until nowadays in order to develop the teaching case. This case was done based on information gathered from the company's website, the CEO and the entire commercial department, data collected from the financial department, company presentations and information from internet sources namely articles and magazines in order to add an independent view about the company.

Finally, all the information gathered was fundamental to elaborate the teaching notes chapter that aims to analyse the exposed case by combining the result of a deep study about the case with the research about this topic. The analysis was done based on frameworks, information collected in the literature review chapter and the case itself.

5. Teaching notes

5.1 Introduction

This chapter is composed by three main sections to guide the presentation and analysis of the case:

- The case synopsis aims to give an overview about the case and help professors summarize main topics of the case;
- The teaching objectives guide professor concerning final goals and main points of this case study;
- The teaching plan aims to design a class plan with questions to stimulate in class discussion through individual answers and group discussion regarding interesting topics.

5.2 Case synopsis

The case study presents the company GLSA, a Portuguese company that is operating in the market since 1942, when it was founded. From an agent for industrial raw materials to a food trade company the company followed a strategy based on innovation and first-mover approach in order to be ahead of the competition and bring solutions to satisfy needs that could even be unidentified by most of consumers. Behind a good company, there is always a good leader, Douglas Gilman, who travels regularly around the world to see what products, packaging and machinery trends are dominating and bring it to the Portuguese market. Products and entire new categories were created in Portugal, as for example benecol, the market of yogurts with cardiovascular benefits and the fresh meals of Fleury Michon, which launched an entire new category in Portugal, the pre-cooked meals.

From a distributor working closer with some of the best players in the food industry, GLSA decided to expand their business and become a producer. In 2007 launched their own brands on the market, So Natural and Snock, through the partnership with the company Frubaça and acquisition of the company Águamais. These brands brought new solutions in terms of product portfolio and allowed the company to reach new branches as convenience food and inclusively increase their presence in some of

the big retailers operating in Portugal, as Continente, Auchan and Pingo Doce. Due to the successful introduction of those brands, GLSA decided to invest in 2011 in the best and biggest factory of sandwiches of the Iberian Peninsula with a production potential of 10 million units yearly.

Trying to increase their global presence, GLSA started an internationalization strategy in 2010 by opening an office in Spain and trying to reach other potential markets by exporting the juices So Natural and creating new solutions in terms of frozen sandwiches. In one year the company doubled their sales on external markets and reach 11% by the end of 2012 of total sales. For the next year, new innovative solutions were being prepared to launch.

If internationally the company was growing, in Portugal the sales were decreasing and from 2010 to 2012 the company decreased almost 48% of the total sales in the Portuguese market. A crucial factor behind this, was the economic depression the country is facing which influenced consumers to change their consumption habits and choose other cheaper alternatives as private brand products and discount shops.

In order to take advantage of the factory capacity, be closer to the end consumer and promote the current product portfolio the company was assessing the possibility to create an internet direct channel. A new project manager was hired in order to study that possibility and design the first project regarding the use of this channel: Delivery of meals on the workplace and catering services. The plan was designed and forecasts were calculated, a decision needed to be done.

5.3 Teaching objectives

This case study is suitable for business strategy courses, for undergraduate or Master of Science students. Furthermore, it can be studied in programs about entrepreneurship since the case is based on a Portuguese example of entrepreneurship that had to constantly be pioneers in the market, create new products and intends to launch a new service on the market.

The objective of this case study is to present to students a decision making challenge that fits in the present market environment and consumer preferences. The case should stimulate students to apply theoretical knowledge and analytical skills, allied with a deep comprehension of the case, to help decision-making and provide recommendations. Being a real case study, this case approaches challenges that managers can face in every organization and by analysing this Portuguese case, students will be better prepared to be constantly alert for the market environment, either internal and external in order to adapt strategies, and the opportunities that they need to embrace in order to counter economic challenges and identify recent trends.

Finally, since innovation is a concept that is widely addressed during the case study, it aims to encourage students to understand how this concept is fundamental when taking strategic decisions such as industry investment decision, product portfolio, and distribution channels.

5.4 Teaching plan

The teaching plan section aims to describe the teaching questions and guidelines for student's answers.

Students should read carefully the case study before the class, prepare a short summary with main ideas draw from the reading and answer the following questions before the class. During the class (90 minutes class) the questions will be discussed and students must be prepared to generate debate among them. After this discussion the professor should present the last question, a group question where students are asked to form a team of 3 or 4 elements, answer the question and prepare a presentation for the next class stating the answer to the question and final decisions.

Teaching plan:

Teaching Questions	Theoretical content	Literature Review	Teaching objective	Allocated time
TQ #1	Product life cycle	2.3	Align positioning with portfolio	5 minutes
TQ #2	Porter Five forces	2.2; 2.2.2; 2.3	Industry attractiveness; micro-environmental analysis	10 minutes
TQ #3	PESTEL analysis	2.1; 2.2.1	Macro-environmental analysis	5 minutes
TQ #4	Mission; Porter's Generic Strategies; Strategy Clock Framework	2.2	Strategy choice; potential strategy changes	15 minutes
TQ #5	-	-	Business opportunity	5 minutes
TQ #6	SWOT analysis	2.2; 2.2.3; 2.3	Company analysis and external challenges	15 minutes
TQ #7	Licensing, Franchising	2.2	Internationalization strategic options	10 minutes
TQ #8	Private label products; Pricing; promotion	2.2; 2.3	Compete/cooperate with private label retailing	10 minutes
TQ #9	Mini Business Plan content	2.1; 2.2; 2.3	Create a mini business plan and identify the major steps	10 minutes per group

5.4.1 In-class discussion

The following questions are presented to students in order to encourage them to think by themselves and prepare the answers outside the classroom. The main objective is to have the students prepared to discuss their ideas during the class and generate debate among students.

Teaching Question #1

"From distributor to producer and from producer to exporter the company has always used as strategic criteria, innovation. This strategy brought success to the company being a key factor for guiding the search for new products, new ways to sell them and entire new categories."

Think about the industry where GLSA operates and make a brief analysis of the company's positioning on the market and product portfolio.

The objective of this question is to assess if students understood the company positioning on the market since the entrance in the food sector until nowadays where GLSA is operating as a food trade company. Moreover, students should be able to analyse, in general terms, how the company expanded their product portfolio linked with their positioning, and the current situation of those products in the market.

Starting with the industry where GLSA is operating, this analysis can cause some confusion among students once it can occur a misleading between the company GL Food Solutions and GLSA, that despite belong to the same group, are independent companies. Therefore, students must identify GLSA as a food trade company that operates within the food and beverages industry and have all the commercial activity responsible for the products produced at GL Food Solutions.

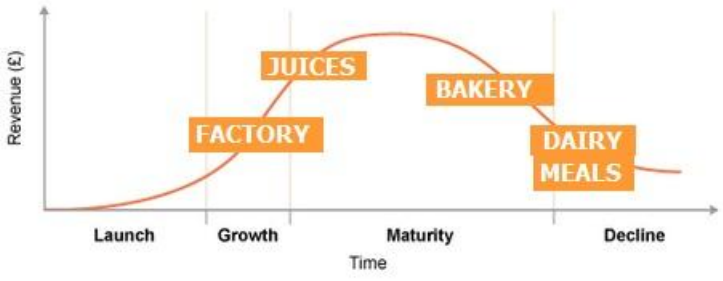
Students should start the positioning analysis by summing up the path GLSA took in the market, highlighting three different major events: the entrance in the Portuguese market with dairy products and ready to eat meals, the launch of GLSA brands on the market with the juices and sandwiches and finally the entrance in the international markets with juices and frozen sandwiches. The products commercialized by the company are related with the position strategy defined by the company. Therefore, through an analysis of the products and major events of the company, the company position strategy relies on a product differentiation strategy, high quality and innovative. To support the answer students must give some examples, as the launch of new products on the market with specific characteristics, as benecol, soya products, natural juices and lately sandwiches with innovative ingredients and presentation.

GLSA's product range allows them to be present in three different sectors within the food and beverages industry, as the student is able to see in the chapter 3.5 (A new market perspective) after the reformulation inside the company in 2011, the company commercial activity is divided in three main fields of action: FMCG and retails, convenience and exports.

In order to analyse the product portfolio, students can try to place the categories of products in the product life cycle framework (**Framework 1**). Having in mind data from the case and **Exhibits 6, 7, 8, 9, 11, 13** and **14**, students can conclude that sandwiches produced at GL Food solutions are in the growth stage, mainly the frozen sandwiches that are entering and increasing sales in the international markets, namely Norway with Tine, but also in the Portuguese market with new innovative sandwiches aimed not only to convenience but also other channels as retails shelves. The juices So Natural are being introduced also in the external markets and trying to conquer their space in the retails shelves and convenience stores in Portugal, which makes it a product already in the maturity phase but with possibilities to grow. Bakery products as Espanorac brands are still the strongest source of revenue for the company but the sales are decreasing. Finally, dairy products and ready-to-eat meals are entering in the decline stage once other cheaper solutions are being launched and the trend is these products to be replaced in the market.

Drawing this framework, along with data collected from the case study the student is able to conclude that the company keeps a positioning strategy based on differentiation and quality. However, the trend is to increase their own brands revenues and decrease imported products as bakery, dairy and ready-to-eat meals.

Framework 1 – Product category life cycle



Teaching Question #2

"On that same year there was the acquisition of the company "Águamais S.A." (later on called GL Food Solutions, S.A.), which was the biggest national producer of sandwiches, in order to reach an important channel to the company, the convenience food."

Assess if in 2007 GLSA took the best decision to enter in the convenience channel

This question has as objective to assess if the company has done the correct step on the market when decided to invest in the convenience channel by acquiring the company Águamais. Students should structure their answer in two main blocks: the first one through an analysis of data given from the case study and the second part confirm the answer by applying the framework Porter Five forces in order to assess the industry attractiveness.

In 2007, when GLSA decided to start launching their own products, so natural juices and sandwiches the world economy was starting to be affected by the crisis. During periods of crisis, the food industry usually suffers less than other sectors in terms of volume of sales, because consumers still need to eat and drink in an everyday basis. However, their choices can be hardly influenced by the economic environment and guide them towards other cheaper solutions, products that consumers perceive added value when consumed or even better for them, cheap valuable products.

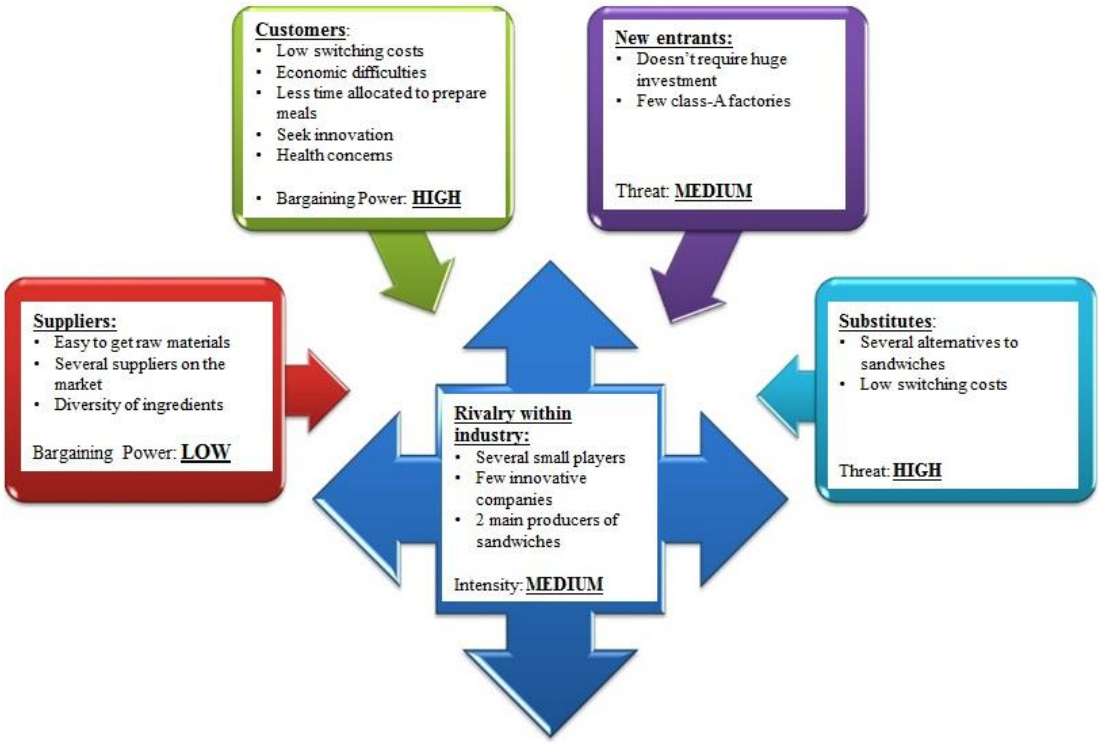
GLSA product range already had several products that could be applied to the convenience sector, but they were missing the core of the convenience: the sandwiches. By acquiring the biggest national producer of sandwiches, the company Águamais, GLSA has done a major step throughout this channel. Moreover, the investment of 2 million euros in a bigger factory with potential to produce 10 million units yearly reinforce the intention of GLSA in be the reference in this channel, offering better sandwiches with more proteins and innovative mix of ingredients.

Within a wide industry in terms of possibilities of consumption, the most differentiated companies are the most likely to win in order to take advantage of the market opportunities to explore and ways to innovate. If concerning food consumers are

getting more rigorous and evaluate it more than ever, this can bring several advantages for companies that deliver a product adapted to the consumer needs.

To support this answer the framework porter five forces should be applied in order to assess the food industry attractiveness related to the convenience sector, in concrete the core of convenience: sandwiches.

Framework 2 – Porter Five Forces



From de analysis of this framework, it is possible to conclude that buyers and substitute products have a tremendous influence on this sector and consequently affect the attractiveness of this industry. Regarding the core of the convenience, the sandwiches, GLSA is the market leader by commercializing the sandwiches produced at GL Food Solutions and just has one main competitor at national level, the company Merenda located at Porto. However, there are several products on the market that can be either substitutes or complementary to sandwiches and consequently turn this market highly dependent of consumer trends. In order to decrease the power of substitute

products, companies should be innovative and offer cheaper products with added value for the consumer. It is a key factor to differentiate the product from the competition even if we are talking about an industry as the food industry, consumers want to be surprised and feel attracted for innovations. To decrease consumers power (in this analysis the consumers were considered the end-consumer and not the retailers), as it was said before, it is important to increase the innovative degree of the companies in the industry, differentiate the product, create trust, awareness and willingness to pay.

Concluding, the company has done a reasonable investment on the convenience sector in order to explore other channels and increase the number of clients, by entering in the market with an aggressive strategy launching innovative, healthy and ultra-fresh sandwiches on the market. Moreover, the company three years later the entrance in the market could start selling to external markets, especially after start operating in a bigger factory with capacity to store frozen products which allowed the company to explore other markets where convenience demand is increasing. However, within a relatively attractive industry it is important that companies differentiate among the offer and keep innovating in order to make it difficult for new entrants to offer a better service.

Teaching Question #3

Summarize the macro environmental factors that have been influencing the company's performance in the Portuguese market.

In order to assess the macro environmental factors that are influencing the company's performance, the student should apply the framework PESTEL analysis. The aim is to identify the main external factors that influence the company and the impact it has in the industry where GLSA operates. All those factors are summarized in the following table:

Framework 3 – PESTEL Analysis

PESTEL Analysis	Description	Impact
Political	- Incentives to export; - Increase of VAT in 2012; - New tax on big retailers (Taxa de saúde e Segurança Alimentar)	Companies struggling with high taxes -> increase goods prices -> lower consumption
Economic	- Economic crisis; - Portuguese GDP per capita in 2015 will be the worst worldwide ranking since 1986[16]; - High unemployment rate.	Consumers more price sensitive than ever -> Decrease of purchase power -> Demand for cheap goods
Social	- Growth of population; - elder population; - health concerns; - Less time to prepare meals.	Higher demand for convenience food but with healthy attributes.
Technological	- More technological advanced society.	Need to explore other channels; Surprise consumer with several possibilities of choice; consumers demand better quality in the service
Environmental	- Disposal of waste concerns; - Consumption of energy.	Oblige companies to be more efficient and include the environmental concerns in their strategy.
Legal	- Product safety and quality.	Constant factory and product auditing and inspection (ASAE)

Although most of those opportunities and threats influence the industry as a whole and are not controlled by companies, they should take advantage of those trends in order to adapt their strategy to the external environment. GLSA by adapting their strategy to those external challenges can give a competitive edge over other firms in the market and turn threats in opportunities.

[16] IMF forecasts

Teaching Question #4

Analyse GLSA's strategy choice regarding their resources and capabilities and suggest potential changes

Students should perceive that framework Porter's generic strategies can be applied in order to understand and analyse the strategy followed by the company having in mind their resources and capabilities.

GLSA's strategy relies tremendous in the innovation concept, as Douglas Gilman stated: "The success of GL has only to do with innovation. It is present in the mind of everyone working with me ". The role of innovation for the company in the context of the core business is completely aligned with their mission as students must be able to identify in the chapter 3.4.6 (internationalization) the mission of the company: "Be the reference partner on the creation of innovative and added value solutions in the food sector at a global scale" and immediately perceive the importance of innovation throughout the reading of the case.

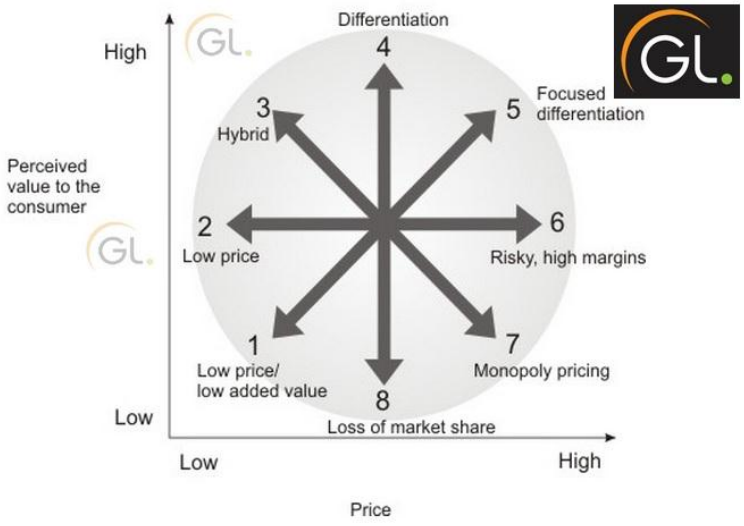
Having in mind the product portfolio and the path the company followed on the market, GLSA's products have a high-quality perception by customers and prices practiced are higher comparing to the competition. According to the Porter's generic strategies framework this product characteristics points to a differentiation strategy. Following such a strategy features as advertising distribution, R&D and technology should be key factors to help in differentiating the products. However, due to financial limitations, GLSA lacks in advertising and R&D which is a huge backward on their strategy. If at international level the company is regularly present in some of the most important fairs, at national level, as the students are able to understand from the reformulation occurred in 2011, the company cut the position of marketing director and advertising and promotion are almost negligible. Moreover, there is no R&D department and the entire prototype is done through experimentation and failure tests in the factory. Despite the creative freedom that everyone working at GLSA have, a higher investment on those areas could be a determinant factor to increase brand awareness and product differentiation.

Students could refer as an example the juices So Natural which are undeniably better and different from every other juice in the market; however several consumers

never tried it before simply because they never had the chance to hear about the brand or taste it and prove the added value of that product. In UK for example, as it is possible to see on the case study, "it is considered one of the purest juices in the world" by the program "5 a day" which is powered by the National Health Service.

Complementing the Generic strategies framework referred before, consumers should apply the Strategy Clock framework (**Framework 4**). GLSA fits in the 5th position, focused differentiation which means high prices and high perceived value. Consumers recognize added value on those products so the company can charge a higher price. To justify the answer students can use as examples the soya products from Sojasun, So Natural juices or the yogurts Benecol. Those 3 products due to their unique characteristics are perceived with higher value than others among the category where they are included.

Framework 4 – Strategy Clock Framework



Regarding potential changes to the actual strategies the company has three possible solutions:

- Maintain position but invest in advertising;
- Move to the third position by decrease slightly the price but keep the perceived value relatively high;
- Move to the second position and offer products at a comparable lower price but also perceived as an inferior quality product.

Regarding the first solution, the company is facing tremendous financial limitations, due to a strong decrease in terms of revenues and a sharp increase in terms of costs with the investment in the new factory in 2011 and employees working there. Ideally this would be the best decision in order to increase brand awareness, namely So Natural Juices. However, having in mind the financial limitations this seems to be difficult unless the company find other ways to promote their products, as for example an online platform.

The second solution obliges the company to decrease product prices without damaging the product value. This could be achieved by decreasing slightly the quality of raw materials or decrease margins in order to allow the product to reach consumer at a lower price practiced by retailers. It would be fundamental to introduce some discounts in order to build a reputation of offering fair prices for quality goods and allow customers to experiment the product and lately build customer loyalty.

Finally, the third solution can be implemented simultaneously with one of the previous strategies. This strategy could be followed by launching new cheap products on the market that would be seen by the price-sensitive consumers as valuable products in the current economic environment. The company GLSA is currently starting implementing this strategy by offering solutions at very low price that delivers low margins but sell high quantities, as it is referred in the case study, the individual bulk packs of meat balls and hamburgers that are cheap and easy to prepare.

Teaching Question #5

"Along with the strategy to increase factory production, GLSA wants to find solutions of how to take advantage of food wastes in order to recover it and reutilize in other ways."

Suggest possible solutions to take advantage of the food wastes for the business and turn the company "Greenest".

The student should be able to notice that take advantage of those food wastes is actually one of the objectives of the company as it is stated on the phrase above. It is important to try to reach maximum efficiency in order to have a factory working at full

potential. This question gives students the opportunity to be creative and suggest a potential way to turn the factory more efficient and give a new business opportunity.

Students are free to suggest what they think to be the best solution to take advantage of those wastes. Following it is presented a possible idea to be more efficient based on a more comprehensive model.

The idea is that GL follow a model similar to the organization Zero Waste alliance[17] but applied only to food wastes. This means turn all discarded materials in resources for future usage. Student is not obliged to refer this organization but the model presented can be an inspiration to present a set of new innovative business ideas to take advantage of food wastes.

One possibility is to take imperfect slices and package "covers" of cheese and ham along with the "covers" of sliced bread and make low cost toasts to be sold at low price either in big retailers' shelves or other shops.

Another possible measure is turn all the packaging of sandwiches made from recyclable materials and enables to be recyclable again. This measure could be limited by specifications imposed by the buyer who can demand a specific package, but it would be important to redesign boxes in order to use less material.

Finally, in order to take advantage of stocks that for one reason or another could not be sold GL could take those sandwiches and distribute them to charitable organizations who would redistribute to homeless people.

Teaching Question #6

Analyse GLSA overall performance and main challenges. What can be done to minimize those challenges?

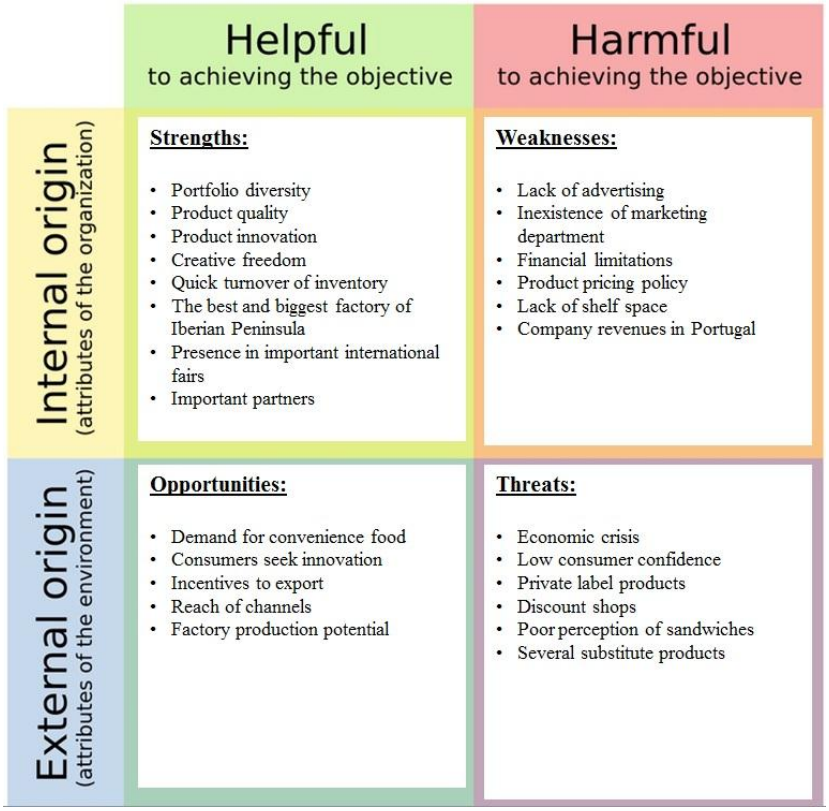
This question has as objective to analyse GLSA core competences in order to assess the performance of the company. The internal analysis shows how the resources and capabilities used by the company are impacting their results. For this analysis, the

[17] http://www.zerowaste.org/

SWOT analysis framework can be used in order to resume the strengths and weaknesses of the company with the threats and opportunities of the market.

Starting with the SWOT analysis (**Framework 5**), the student is able to summarize the key aspects needed to assess performance and identify challenges as it is showed:

Framework 5 – SWOT Analysis



Students must be able to identify in the case study an important key aspect regarding the initial strategy of the company to bring innovative products unknown for the majority of consumers to the Portuguese market. That key aspect is related to the constant search for new trends and novelties by "traveling around the world to see what products, packaging and machinery trends are working better in the food company", which allowed the company to identify consumer needs much faster than competition and create a solid strategy that influenced some of the strengths the company presents nowadays. By measuring those strengths it is important to highlight the product innovation feature, which allows the company to bring creative and unknown products

to the Portuguese market, the factory in Azambuja and the presence in international fairs which allow the company to create important connections with potential international clients. On the other hand, the company presents some weak points that are damaging strengths in a certain way, namely the financial limitations that leads to a lack of marketing campaigns and since 2011 absence of marketing department which is translated in a lack of brands awareness. Moreover the products GLSA commercialize are quality products that are in the market with a high price. In order to allow the consumer to test the quality of the product he should be fully aware of the benefits and value added of it. Despite the good usage of the company's resources and capabilities that allow the company to build a good reputation on the market and create important partnerships with some of the most renown players in the retail and convenience industry, it seems that nowadays more than ever, weaknesses are having a bigger impact than strengths in the company's performance.

Regarding the external factors, there are opportunities and threats the company should be aware and consider when defining their strategy. Nowadays, general consumers seek some food attributes that were not seen as fundamental years ago, namely the trend to consume healthy convenience food. Less time available to cook and health concerns led to this new need to simplify the meal preparation and consumption. On the other hand, there are some threats that can represent a major backward for the company, namely the rise of private brand products that represent a threat for the company in two ways: consumer's change their choices towards a cheaper product that still fulfils their needs and retailers increase their private label products presence in their shelves taking space from other brands.

Having in mind all the key points referred before, the student should be able to identify some of the main challenges and give some suggestions regarding what can be done to minimize them:

- Increase company's revenues
- Marketing campaigns in the context of tight budget limitations (lack of brand awareness)
- Compete against the private label products (lack of shelf space)
- Increase factory production
- Improve consumer perception regarding sandwiches (healthy and nutritive)

Those key points are all relatively connected but in general if challenges are not addressed correctly it can be dangerous for the future of the company. Private label products are increasingly being present in retailers' shelves and are becoming one of the major players in the field of dairy and ready to eat meals. GLSA needs to address this issue and understand where those products apparently less valuable can match GLSA's quality or where the company's products are undeniably superior to the competitor's ones. To take advantage of the factory production is a key factor at the moment, once the factory is not working at full potential that translates into a lack of efficiency. Leverage sandwich production not only to export but also in Portugal where a sandwich can be perceived as a healthy and nutritive meal if it is composed by a mix of ingredients that are not damaging for the health and have protein, as tuna, salmon, turkey and chicken.

Teaching Question #7

"…revenues were mostly associated with increasing sales to external markets, once from 2011 to 2012, it was forecasted the company would pass from 5% of exports in percentage of total sales to roughly 11% by the end of the year (Exhibit 22)."

Analyse GLSA sales volume in international markets between 2009 and 2012, highlight possible explanations for those trends and suggest international strategic options to continue growing.

Students should start this question by analysing the **Exhibits 13, 14** and **22** in order to evaluate the revenues from the international markets. Following, the student should conclude this answer by having some freedom to suggest potential strategic options to continue growing internationally.

Starting with exports to Spain, the company is growing steadily their sales year by year increasingly being present on that country. IKEA is the main client and it is important to highlight the growth of sales to El Corte Ingles and the introduction of the Spanish retailers Alcampo as a new client in 2012. Regarding the other countries, the

year of 2012 was remarkable in terms of sales due to a new important client, the Norwegian giants Tine[18], which demanded juices and frozen sandwiches.

Regarding international strategic options to continue growing, students should state first and be aware the company is passing through difficulties in terms of financial capacity and budget to invest which is a main limitation regarding the international growth. Students should state what is being currently done in a correct way, namely the multi-country strategy to reach new local markets that are developing new needs and trends. Continue to be present in the most important fairs is also an important aspect once it allows the company to show their innovative products and give the opportunity to potential clients to verify the quality of the product. In order to continue grow, the company should also create strategic alliances, for example with a company called Tesco that is operating in England or with flight companies once the new frozen platters (**Exhibit 19**) presented in the case can be widely accepted.

One possibility would be GL gives permission to manufacture its sandwiches in another country, a licensing strategy that would allow GL to sell their unique products under a prestigious retailer brand and therefore facilitate the entrance of those products in a specific country. This would be a key factor to sell products like the juices So Natural or frozen sandwiches which doesn't have strong brand awareness but are undeniable quality products that could be widely accepted being sold under a high-recognized brand name.

Another possible strategy (less likely) would be to start opening a chain of stores in Portugal under a specific brand an export that concept abroad. In order to avoid spend high levels of investment in a chain of stores, GL could enter in a franchising strategy. This means for example to enter in Norway, a country demanding more convenience food, being a Franchiser and open chain stores to sell close to workplaces by the franchisee. The key to success would be the correct management of the franchisees in order to gain fast expansion and earnings with minimum capital expenditure.

[18] http://www.tine.no/

Teaching Question #8

"Taking advantage of the economic situation of the country, large retailers launched in the market several categories of products, called private label, in an attempt to differentiate themselves from the fierce competition of the large retailers industry. Those products are perceived by the consumer with less quality but can be sold at a lower price and consequently attracting several segments that wanted a cheaper solution."

Why Private Label products are increasingly being present in the consumer's everyday life? How GLSA can invert this trend?

This question motivates students to analyse the drivers of success of private label products and explain how it is increasing volume market share year by year. By stating the reasons why it is increasing, the student should think about possible ways of invert this trend by the company GLSA.

By analysing information from the case study, previous answers and the **exhibits 7**, **8, 9** and **11**, students should notice that dairy products and ready-to-eat meals had a significant drop in terms of sales. Moreover, the student can notice a sharp decrease in terms of sales to the big retailer's stores, namely Pingo Doce and Sonae (continente). Actually, students should be aware that those 2 retailers have their own private label products and specially Pingo Doce are investing highly on those products in order to increase volume of sales and turn consumers more involved with the brand, creating some emotional connection beyond the functional and low quality perception developed before. That idea that private label products were targeted only to low income consumers is vanishing and nowadays there are more informed consumers from medium and high-income levels that often compare both private label products with others and reach the conclusion that those products have quality and are able to avoid be influenced by advertising and are high price sensitive. The raise of this kind of consumers explains in a certain way the increase of volume market share of private labels.

To invert this trend GLSA must be aware of this kind of products in order to check where they can really match quality or where the offer is far behind. Retailers in order to justify the replacement of other brands by their own private label brand in the store

shelves must sell in high quantities once that is a source of revenue that the retailer is losing by putting their products. Moreover, to promote their products in retailer's flyers is highly expensive and it can be damaging for the company in case it is not widely sold. This can represent an indicator that retailers will be always attached to other brands. Moreover, consumers usually don't have time to analyse carefully the choices and simply choose the brand-name products because he is aware of its quality. The absence of this kind of products could be translated in a dissatisfaction of the consumer regarding that store image.

Finally, a possible solution for GLSA to continuing battling against private label products in some categories, but at the same time cooperate with them by supplying their own products manufactured at GL Food solutions as private labels. For example, GLSA could supply big retailer's stores directly with sandwiches from the private label retailer. This could be a win-win situation where both GLSA and retailers are satisfied by the first increasing factory production and the second increase product portfolio and product quality.

5.4.2 Group assignment

Students should work in groups in order to write a mini business plan and prepare a presentation for the next class regarding the project and which decision to follow.

Teaching Question #9

You have been pointed as new project manager of GL and your first assignment has just been presented. Your meeting with Douglas Gilman is in 1 week and he wants you along with your team to give recommendations regarding the feasibility of the project and what are the future possibilities for the same.

Design a mini business plan for the project with the following key points:

- Name for the service
- The problem
- The Solution
- Business opportunity
- Mission
- Vision
- What is offered
- Survey analysis
- Target (to whom are we selling)
- Communication strategy
- The business in the market
- risks
- Financial key figures (turnover, net income and BEP or calculate the gross profit)
- Future suggestions and final decision

In this question there are no correct or wrong answers once the objective is to leverage student's creativity in order to decide, within their project teams and according with information taken from the case study, how this project should be designed and implemented. In the end the student should be able to give his own recommendations in order to improve the project plan and future benefits from it.

Following it is presented an example of template with the key information to provide and objective of each part:

Introduction	
What should be included	**Name of the service**: "2 dare 2 eat" **The problem**: Lack of time available to leave workplace and have lunch out of the office/lack of time to prepare lunch every morning. **The solution**: Light and fast meal delivered at workplace during lunch time.
Objective	Give a name to this service and identify the problem and the solution.

Business Description	
What should be included	**Mission** (business purpose): *"To provide healthy fast-food to business customers at a low price distributed directly from our factory to your workplace"* **Company Vision** (Company's growth potential): *"Be the reference partner when there is a need to order a fresh and healthy meal solution during busy periods"* **Goals and objectives**: Increase sales; be closer to the end consumer and product promotion.
Objective	Understand what is the business and what it stands for; perception of the company's growth potential and goals of the business to the company.

Market definition	
What should be included	**Business industry**: Takeaway food delivery **Critical needs of the market**: fast and healthy meal solutions with possibility of delivery at workplace at low cost. **Identify target market**: consultancy/auditing companies which usually have tight deadlines and work late at office. **Profile of targeted clients**: Busy employees, who doesn't have time to prepare lunch in the morning or needs to work at workplace during lunchtime in order to complete a task, or simply wants to avoid spend the whole lunch time in a restaurant and wants to go for a walk or do anything else. **Competition**: Direct competitors: "A Marmita", "onetwotaste" and "fora de casa".
Objective	Basic information about the industry and customer needs the company is trying to fulfill; Who are the target customers.

Product description	
What should be included	**Products**: sandwich platters, sandwiches, natural juices, milk-shakes, yogurts, soya desserts and soups **Products value added**: Ultra-fresh sandwiches produced every day in the factory and delivered on the same day; quality and healthy products with low levels of calories and can be consumed throughout the whole day without losing nutrients.
Objective	What is the company bringing to the market, which products and how they will bring value to the market.

Survey analysis	
What should be included	**Demographics**: From the analysis of the **exhibit 23, 24, 25** and **26** it's possible to identify that the target consumer more willing to use the service works at centre of Lisbon, has between 20 and 29 years old, is female and works in a big company (more than 500 employees). **Consumption habits**: Analysing the **exhibit 27** it is possible to conclude that most of the employees eat in a restaurant, followed by take from home and eat at company's canteen. The more willing to use the service are the ones that take from home, maybe due to discomfort to prepare and carry the lunch to work. Regarding the availability of canteen, **exhibit 28** shows that most of the respondents don't have canteen at their workplace which limits their choices to have lunch and attribute more value to the project of GL. Consequently most of the respondents have lunch out of the company which can be related not only with the absence of canteen but also lack of time to prepare meals before go work. In average most of the consumers are willing to spend between 5€ and 6€ (**Exhibit 34**) when go have lunch out of the company and the option more consumed is hot dish meal (**Exhibit 35**). **Consumer perceptions**: Analysing the consumer perceptions of the offers during lunch time regarding quality (**Exhibit 30**), fastness (**Exhibit 31**), variety (**Exhibit 32**) and healthiness (**Exhibit 33**) it's possible to conclude that most of the consumers are satisfied with the current offer. However, almost 5% of the respondents say that are very unsatisfied regarding fastness which can be related with long waiting lines at some restaurants. The indicators of variety and healthiness are below 50% level of satisfied or very satisfied which can be related with lack of time to prepare creative dishes at home, the consumption of unhealthy fast food or unawareness of the nutrients that a meal at restaurant has. That lack of knowledge regarding what is being consumed lead to almost 40% of the respondents saying that are not having a balanced and healthy meal during lunch time (**Exhibit 36**). Regarding the familiarity with online shopping, almost 50% of the respondents say that are used to do that and almost 60% attribute value to order food in less than 2 minutes through internet (**Exhibit 38**). Finally, after explain the service, the perception regarding the service is positive and between 70 and 80% of the respondents would use the service or take home some of the products offered.
Objective	Analyse the data collected from the survey (Exhibit 23), and draw the main conclusions that can be taken from it.

Marketing & Sales strategy	
What should be included	**Identified market**: consultancy companies. **Pricing**: low-price strategy; possibility to choose a mix of products and create own menu. **Promotion**: flyers distributed at target companies and promoting events at client; 5 moment approach in order to gather new clients and retain current users (**Table 1**). **Products**: high quality, light and innovative products at low-cost. **Place (distribution channel)**: online channel to order it in advance; buy on the moment while the promoter delivers the products
Objective	Who is the market and how the company will reach them; how the product will be commercialized and promoted.

Business in the market	
What should be included	**Strengths**: Ultra-fresh products; light and healthy ingredients; possibility of create menus; delivery direct on the workplace **Weaknesses**: low perception regarding sandwiches; absence of hot dish meals; delivery limited to late morning and lunch time (12-14h); **Opportunities**: Tight deadlines to accomplish tasks in the business context; need to take advantage of lunch time to do other things; **Threats**: Possible conflicts with retailers due to lower price policy; perception of reduced quality to actual product consumers due to lower price;
Objective	SWOT analysis in order to understand the project strengths and limitations and challenges to face in the market.

Financial Management	
What should be included	**Demand Forecast:** To forecast demand student had several reasonable possibilities. Here it is presented (**Table 1 and Table 2**) the maximum potential customers during each phase of the targeting strategy and accordingly with the number of companies operating in Lisbon and average number of employees. Students must take in consideration the survey results and make assumptions regarding the percentage of potential customers that will effectively order a meal or a company that will order a catering service. In this case it was assumed that 15% of the employees would order at least one meal and 30% of the companies would order a catering service. The average is meal is composed by 3 units and catering by 2 units (platters). The demand is expected to increase as the promotional activities are implemented or during periods of more deadline pressure as the end of the year, and decrease during summer months due to less pressing regarding deadlines and fewer employees at the office. **P&L statement**: In the first year the project will present negative EBIT (**Table 3**), due to the initial investment and relatively low levels of revenues. In the second year the company will deliver better results and end the year with a positive income of roughly 30.000€ (**Table 4**). **BEP analysis**: The project will reach the break-even point during **second year** in **April**, moment that initial investment and costs will be compensated by revenues.
Objective	Understand the financial impact of the project and sales projections

Table 1 – Target companies

	Companies	Maximum potential customers	Customers order meals (15%)	Order Catering (30%)
Consultancy/auditing companies in Lisbon	400			
Average number of employees/company	300			
Target companies phase I (1-3)	10	3000	450	3
Target companies phase II (4-7)	20	6000	900	6
Target companies phase III (9-12)	30	9000	1350	9
Target companies phase IV (13-15)	40	12000	1800	12
Target companies phase V (16-24)	50	15000	2250	15

Table 2 – Demand forecast

	Jan	Fev	Mar	Abr	Mai	Jun	Jul	Ago	Set	Out	Nov	Dez	Year 1	Jan	Fev	Mar	Abr	Mai	Jun	Jul	Ago	Set	Out	Nov	Dez	Year 2
Meals (average 3 units per meal)	450	518	595	744	930	604	363	181	695	869	1173	1349	8471	1551	1706	1877	2159	2698	1889	1039	519	2172	2606	3128	3753	25098
Catering (average 2 unit packs per meal)	3	3	4	5	6	4	2	1	5	6	8	9	56	10	11	13	14	18	13	7	3	14	17	21	25	167

Table 3 – P&L statement year 1

P&L	January	February	March	April	May	June	July	August	September	October	November	December	Year 1
Sales meals	2.133,00 €	2.452,95 €	2.820,89 €	3.526,12 €	4.407,64 €	2.864,97 €	1.718,98 €	859,49 €	3.294,71 €	4.118,39 €	5.559,83 €	6.393,80 €	40.150,79 €
Sales catering	35,90 €	41,29 €	47,48 €	59,35 €	74,19 €	48,22 €	28,93 €	14,47 €	55,46 €	69,32 €	93,58 €	107,62 €	675,83 €
Cost of sales meals	1.159,92 €	1.333,91 €	1.533,99 €	1.917,49 €	2.396,87 €	1.557,96 €	934,78 €	467,39 €	1.791,66 €	2.239,57 €	3.023,42 €	3.476,93 €	21.833,90 €
Cost of sales catering	18,78 €	21,60 €	24,84 €	31,05 €	38,81 €	25,23 €	15,14 €	7,57 €	29,01 €	36,27 €	48,96 €	56,30 €	353,56 €
Gross Margin	990,20 €	1.138,73 €	1.309,54 €	1.636,93 €	2.046,16 €	1.330,00 €	798,00 €	399,00 €	1.529,50 €	1.911,88 €	2.581,03 €	2.968,19 €	18.639,16 €
Veichle	5.900,00 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	5.900,00 €
Gaz consumption	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	5.601,48 €
Tolls	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	1.320,00 €
Driver/Promotor	840,00 €	840,00 €	840,00 €	840,00 €	840,00 €	840,00 €	840,00 €	840,00 €	840,00 €	840,00 €	840,00 €	840,00 €	10.080,00 €
Tray	50,00 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	50,00 €
Apron	10,00 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	10,00 €
Photograph products	170,00 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	170,00 €
Menu flyers and promotion	150,00 €	- €	- €	300,00 €	- €	- €	- €	- €	450,00 €	- €	- €	- €	900,00 €
EBIT	- 6.706,59 €	- 278,06 €	- 107,25 €	- 79,86 €	629,37 €	- 86,79 €	- 618,79 €	- 1.017,79 €	- 337,29 €	495,09 €	1.164,24 €	1.551,40 €	- 5.392,32 €

Table 4 – P&L statement year 2

P&L	January	February	March	April	May	June	July	August	September	October	November	December	Year 2
Sales meals	7.352,88 €	8.088,16 €	8.896,98 €	10.231,53 €	12.789,41 €	8.952,59 €	4.923,92 €	2.461,96 €	10.295,47 €	12.354,57 €	14.825,48 €	17.790,58 €	118.963,52 €
Sales catering	123,77 €	136,14 €	149,76 €	172,22 €	215,27 €	150,69 €	82,88 €	41,44 €	173,30 €	207,95 €	249,55 €	299,46 €	2.002,42 €
Cost of sales meals	3.998,48 €	4.398,32 €	4.838,15 €	5.563,88 €	6.954,85 €	4.868,39 €	2.677,62 €	1.338,81 €	5.598,65 €	6.718,38 €	8.062,06 €	9.674,47 €	64.692,06 €
Cost of sales catering	64,75 €	71,22 €	78,34 €	90,10 €	112,62 €	78,83 €	43,36 €	21,68 €	90,66 €	108,79 €	130,55 €	156,66 €	1.047,56 €
Gross Margin	3.413,42 €	3.754,76 €	4.130,24 €	4.749,77 €	5.937,21 €	4.156,05 €	2.285,83 €	1.142,91 €	4.779,46 €	5.735,35 €	6.882,42 €	8.258,90 €	55.226,32 €
Veichle	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Gaz consumption	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	466,79 €	5.601,48 €
Tolls	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	110,00 €	1.320,00 €
Driver/Promotor	1.680,00 €	1.680,00 €	1.680,00 €	1.680,00 €	1.680,00 €	1.680,00 €	1.680,00 €	1.680,00 €	1.680,00 €	1.680,00 €	1.680,00 €	1.680,00 €	20.160,00 €
Tray	50,00 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	50,00 €
Apron	10,00 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	10,00 €
Photograph products	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €
Menu flyers and promotion	300,00 €	- €	- €	300,00 €	- €	- €	- €	- €		- €	- €	- €	600,00 €
EBIT	796,63 €	1.497,97 €	1.873,45 €	2.192,98 €	3.680,42 €	1.899,26 €	29,04 €	- 1.113,88 €	2.522,67 €	3.478,56 €	4.625,63 €	6.002,11 €	27.484,84 €

Conclusion	
What should be included	**Recommendations:** Expand the portfolio of clients to other companies beyond consultancy firms; increase the sandwich portfolio by adding new innovative offers; Extend the delivery period in order to satisfy snack hours during morning and afternoon. **Future suggestions**: By the end of second year the company has reach the maximum potential in terms of companies to target and in order to grow has two options: a) Increase product and clients portfolio in order to continuing increase sales. However, an investment in a second vehicle would be needed in order to cover a broader market; b) Open a store (coffee shop) in the centre of Lisbon close to business areas in order to facilitate delivering system, keep 1 or 2 days of stocks and sell directly in the coffee. **Final decision**: In order to take a final decision, student must not only revise the project itself but also the financial limitations the company present nowadays which are referred during the case study. Moreover, student must be able to understand the project itself doesn't mean immediately high revenues in the short-term but a path to increase sales in general by adding the internet platform to promote the products and consequently be important to increase retail sales.
Objective	Understand if the project should be implemented, student recommendations and how it can be improved in the future.

6. Conclusion

GL, a Portuguese company created in 1942 decided to assess the possibility of entering in a direct internet channel in order to be closer to the end consumer and help dealing with the several challenges the company is facing currently in the market. After analyzing information gathered from literature review, case study, survey and teaching notes, this chapter aims to answer the research questions defined in the introduction section and reach final conclusions of the effectiveness of the decision to either enter or not in the internet channel.

1) Why does the company need to develop an internet channel within the context of an already efficient distribution channel?

Under a context of continuous trend in decreasing sales in Portugal year after year, the company needs solutions to reverse this negative trend. Despite the effectiveness of the current channels, either big retailers or convenience stores, the company is facing several threats on those markets, namely the penetration of private label products that are increasingly being demanded by consumers due to the low price policy. Moreover, the company has a new factory with an incredible production potential that is not being leveraged. By introducing this channel, the company can increase sales and ultimately brand awareness that may lead to an increase of retailer's sales.

2) Are the market and company flexible enough to allow the entrance in a new channel?

Living in an increasingly technological advanced society, an internet platform and social Medias are a cheap and fast way to be constantly in contact with consumers and update product information, especially due to the consumer needs that analyse and criticize food more than ever. Once the company's products can be adapted to be sold directly to consumers, either as a meal or as a sandwich triangles platter it can be perfectly ordered and paid through internet.

3) How will this channel be implemented and bring value to the company?

This channel will be used firstly as a platform to order catering services and fresh lunch meals. It will be used also as a marketing channel in order to promote the company's products and show their benefits either through their nutrients and health concerns. The first year will not bring positive income once it is forecasted it will end the year with a negative income of around 5.000€, but on the second year it is forecasted to deliver a positive income of roughly 30.000€. Moreover it may have impact on product brand awareness and consequently increase retailer's sales.

4) Who are the consumers more likely to use this channel?

The company though a survey could get the information of who are the more likely consumers to use this platform. The target consumers are the ones that doesn't have time to prepare a meal the day before work or don't want to spend a lot of money going to a restaurant but aims to have a cheap, fast and healthy solution to eat at workplace and have time to complete tasks or do other activities. However, it has potential to reach a broader target market once both sandwiches and juices commercialized have unique features in the market.

To conclude, GLSA is facing severe challenges in the market and an internet platform cannot be the solution to solve such a managerial problem, but a way to help reaching a solution along with continuous product innovation and new low-price products to satisfy current consumer's needs. Definitely, continuing to increase presence in international markets is mandatory in order to leverage factory production and boost sales. It can be worthy to define internationalization options in order to continue growing without need to realize huge investments, where the licensing strategy appears to be an effective measure to enter in other markets. Actually, that strategy can be effective in Portugal too, where private label products are increasingly penetrating the market, it could be important to see GLSA products under the private label brand name that could deliver better results for both parties. An internet platform appears in this context as a relatively safe measure (in terms of costs), if presented by a friendly user interface and high

information security, to help smoothing some of the company's main weaknesses, namely the lack of advertising and promotion by being present in the social medias and contact directly with end-consumers in order to listen their suggestions, concerns, sell new products experimentally and test new services acceptance by constant information update and feedback. Moreover, the survey conducted confirmed that usefulness of the service that was considered valuable by most of the sample (between 70% and 80%) that says is willing to experiment the service.

7. Limitations and future research

This master thesis faced some limitations. One of the main is that this analysis had to be done step by step while the actions were taken. This means that to obtain a more precise overview of the results it would have been interesting to test the adoption of this channel over 1 or 2 years in order to reach conclusions about impact on general sales, retail sales and brands awareness. This limitation affects in a certain way the main decision to enter or not in an internet channel. However, taking into account the main managerial problems the company is suffering and forecasts drawn it was possible to reach fairly reliable recommendations.

Another limitation were the samples used for the survey once it was distributed online, thus only people with internet access were able to answer it. Moreover, it was distributed though social networks which led to strong influence by student's reach of contacts which ultimately influenced the age distribution and limit the number of participants which could have been higher to allow for generalization.

Regarding future research it would be interesting to study the possibility to open street stores (chain of stores as it is the case of Pret-a-manger in UK) in order to reach a broader market; smartphone app to allow consumers to order meals from their smartphone or tablet; the importance of wholesalers nowadays having in mind the possibilities that internet direct sales open to manufacturers.

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Appendix

Appendix 1

Introdução

• Este inquérito tem como objectivo recolher a sua opinião sobre uma nova Ideia de Negócio para as Organizações.

• O inquérito é inteiramente confidencial. No início encontra algumas questões relativas a si próprio(a). No entanto, essas questões não visam identificá-lo(a), mas apenas recolher elementos que facilitem a análise estatística. No final os dados serão analisados de forma conjunta e não individual.

• As perguntas estão construídas de modo a que apenas tenha que assinalar a resposta que lhe parecer mais adequada ou efectuar uma escolha de preferências. Não há respostas certas ou erradas. O que nos interessa é exclusivamente a sua opinião pessoal.

• Procure, por favor, responder a todas as questões. O inquérito não deverá demorar mais do que 4 minutos. Se possível, responda a todo o questionário de seguida, sem interrupções. Muito obrigado pelo seu tempo.

Em que zona geográfica trabalha?

1. Lisboa - centro
2. Lisboa - Parque das nações
3. Oeiras
4. Porto
5. Outro

Qual a sua idade?

1. 20 - 29
2. 30 - 39
3. 40 - 49
4. 50 - 59
5. mais de 60

Sexo

1. Masculino
2. Feminino

Qual a dimensão da sua empresa no que diz respeito ao número de trabalhadores?

1. 1 - 19
2. 20 - 99
3. 100 - 249
4. 250 - 499
5. Mais de 500

Em que empresa/sector trabalha?

Onde costuma almoçar?

1. Cantina da empresa
2. Leva de casa
3. Restaurante
4. Cafetaria/Pastelaria
5. Take-away
6. Outra

A empresa onde trabalha dispõe de cantina?

1. Sim
2. Não

Em média quantas vezes vai almoçar à rua por semana?

1. Todos os dias
2. 4 vezes por semana
3. 3 vezes por semana
4. 2 vezes por semana
5. 1 vez por semana
6. Nunca vou almoçar à rua

Qual o seu grau de satisfação em relação à oferta que dispõe para almoçar no que diz respeito a:

	Muito insatisfeito	insatisfeito	Neutro	Satisfeito	Muito satisfeito
Qualidade	❑	❑	❑	❑	❑
Rapidez	❑	❑	❑	❑	❑
Variedade	❑	❑	❑	❑	❑
Saudável	❑	❑	❑	❑	❑

Em média quanto está disposto a pagar quando vai almoçar fora?

1. Até 3€
2. 3€ - 4€
3. 4€ - 5€
4. 5€ - 6€
5. 6€ - 7€
6. mais de 7€

Seleccione de entre estas opções qual/quais costuma consumir durante a hora de almoço.

1. Refeição quente
2. Sopa

3. Sanduíche fresca
4. Salada
5. sumo natural
6. refrigerante
7. vinho
8. água
9. Outra

Normalmente sente que está a ter uma refeição equilibrada e saudável ao almoço?

1. Sim
2. Não

Considera importante ter uma opção de refeição saudável disponível durante o período de almoço?

1. Sim
2. Não

Costuma fazer compras online?

1. Sim
2. Não

Já alguma vez comprou/encomendou comida pela internet?

1. Sim
2. Não

Seria mais fácil para si se pudesse encomendar a sua refeição online em menos de 2 minutos?

1. Sim
2. Não
3. Indiferente

Explicação do Serviço:

Este serviço consiste numa plataforma online que permite a si ou à sua empresa encomendar uma refeição leve mas completa e equilibrada em menos de 2 minutos. Durante o período de almoço a refeição será entregue no seu escritório sem custos extra. Os menus podem incluir sanduíche, wraps, saladas, sumos naturais, iogurtes e fruta mas a oferta e as possibilidades de combinação são extensas. Pode ainda encomendar pão fresco para o seu jantar ou pequeno almoço.

Seleccione os produtos pelos quais tem preferência de entre as seguintes opções:

1. Sandes requeijão mel e noz
2. Sandes queijo fresco, tomate e rúcula
3. Pão de cereais, requeijão e doce de abóbora
4. Baguete de pasta de frango/atum/delicias do mar
5. Wrap frango e tomate semi seco
6. Wrap misto com vegetais
7. Wrap delicias do mar e vegetais
8. Hamburger grelhado

9. Sopa de cenoura e açafrão
10. Sopa de courgette e manjericão
11. Salada com massa penne, atum, ovo, vegetais e molho especial
12. Salada com massa penne, frango, ovo, vegetais e molho especial
13. Salada com massa penne, salmão, ovo, vegetais e molho especial
14. Fruta triturada
15. Sumos naturais
16. Iogurtes
17. Milkshake
18. Outro

Levaria para casa algum destes produtos (ou outros, tais como pão fresco fatiado integral, pão de leite, pão brioche, entre outros), no final do dia?

1. Sim
2. Não

Seria útil para si se pudesse ver a informação dos nutrientes e calorias de cada produto durante o processo de escolha?

1. Sim
2. Não

Usaria este serviço para almoçar na empresa?

1. Sim
2. Não