Gaea Company - Extra Virgin Olive Oil: Case Analysis

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Abstract

Without a doubt, the olive oil industry is a traditional industry that has undergone many breakthroughs in recent years as many companies try to combine the traditional method used in previous years with the innovations that bring about the rapid advancement of technology. In this paper, it will be presented the historical background of the Gaea Company which is the main subject of this study, the description of the product and the major competition of this brand so as to be constructed an integrated marketing plan which will involve the objectives of the company, its target segments and a purposed value proposition for it. Next to that, it will be analyzed the marketing strategy that has adopted the company in the light of the product, the place, the price, and the promotion. Armed with this information, it will be evaluated the product’s current marketing strategy and will be given recommendations that may be helpful for the development of the company having always as benchmark the best practices applied in the marketing management.

Keywords: Company; Accreditations; Agricultural food products; Ingredients; Alcohols

Introduction

The Gaea Company is a Greek company that established by Aris Kefalogiannis in 1995 in Greece and employees 52 workers in Greece and fewer in other countries. During the years that the company operates, it became renowned internationally as it gained many awards and accreditations that certified the uniquely of the brand and the authenticity of its products. The corporate headquarters is located in Athens and the main corporate CEO is Aris Kefalogiannis with many special collaborators CEO’s in other countries, such as David Neuman who is the CEO of North America. Gaea markets its products in more than 25 countries in Europe, Asia and USA and continuously tries to be expanded since a great deal of its sales comes from its exports which reach to 85%. It should be noted that it is the first Greek Company that achieved to build a strong brand to promote its agricultural food products at an international level. Gaea presents an average annual growth that leverage to 25%, while it has annual revenues more than 10 million euros [1]. In fact, the Gaea factory is located in Agrinio, an area out of Athens which has a big acreage. At an average rate, it produces 6,000 bottles of olive oil, 7,000 jars and 3,000 packs of olives per hour. In this estate, it operates four automated production lines, namely the olive oil bottling line, the olive bottling line, a line for the production of spreads and sauces, and a line for the production of the innovative olive “snack pack”. The factory functions under the ISO 9001, HACCP, BRC and IFS high standards while it recently acquired ISO 14001 for the environmental accreditation. What’s more, an emphasis should be given in the name of the company as it was not selected randomly. Gaea is a name that originated from Greek mythology and it was the name of an ancient God who was a symbol of the fecundity and the goodness of the earth. The name Gaea is synonymous with the «Mother Earth» in which ancient Greek adored because they believed that she offered the product needed so as to survive and be physical and spiritually healthy. For this reason, the trademark of the company means a lot to the international community and especially for Greece. That is to say that the company with a very inspirational manner combined the history of the country so as to create certain perceptions for the brand and its exquisite products [2].

Literature Review

For the completion of this study, it was used various information resources so as give an insight into the major issues that this case study arises. Particularly, the data and the evidence provided were retrieved from journal articles, newspapers, and books which dealt with the Gaea Company operation. In addition to this, it was found interesting bibliography concerning the strategy that the company should follow in order to enhance its activities.

Methodology

Description of the product

The extra virgin olive oil is a product that is worldwide famous for the health benefits that it includes and the exceptional flavor that it has. In fact, it is composed of 98-99% triglycerides, 1-2% micro-constituents, and it is enriched by bioactive compounds, such as the vitamin A, D, E, antioxidants, polyphenols (300 mg/kg), phytosterols, flavones (100 mg/kg) and chlorophyll, while in very small concentrations it accommodates other valuable ingredients such as saline alcohols, triphenyls, squalene, carotene and gluten [3]. Moreover, it encompasses 0, 8 grams per 100 ml of free oleic acidity, less than 20 meq/kg of peroxides, polysaturated fatty acid, such as linoleic acid, palmitic acid, stearic acid and monounsaturated oleic acid, such as oleic acid which help the olive oil to endure the oxidation due to the environmental factors that affect this procedure, such as the light and the temperature. It is also the only olive oil that does not undergo industrial refining and chemical processing as the only process that producers’ follow is the collection of the best quality olives.
in November to December with the contribution of special tools that helps the protection of the fruits and placed in baskets before olives pressed. After that, they are cold pressed 24 to 48 hours after harvesting at a temperature that should be no more than 28°C and placed in tanks which are full of nitrogen so as to be maintained fresh (Gaea, n.d.). Next, the olives are crushed and the producer takes the juice of them in order to bottle the extra virgin olive oil. For this reason, it is characterized by high quality and it is the most expensive one comparing to other olive oils. What’s more, the temperature, the storage in dark barrels, the cultivation of the olives, the climate, the maturity of the fruit, and the quality of the olives used are also important so as to be produced the extra virgin olive oil as otherwise will depreciate its quality and will change its flavor [4].

**Major competition**

In the field of the olive oil industry, Italian, Spanish and Greek companies’ had dominated as the leaders of this market and had established a strong position in it due to the traditional long-standing presence that they have. In particular, Greece retains the 80% of the world extra virgin olive oil production, while Italy 65% and the Spain 30%. Generally, Greece holds the third position in the olive oil production internationally and its production relates to the 11% of the total value of the Greek economy [5]. This merely makes the Greek industry in the olive oil market one of the larger producer. Besides, the Greek companies have a huge history behind the olive oil production which went back in the Minoan Cretan in 3000 BC that there is evidence of an industrial scale for the production and marketing of the olive oil. Regarding the Gaea competition, the main competitors of it are companies that have a long reputation in the olive oil industry such as Minerva, Elais, Nutria, Esti, Filippo Berio, La Espanola, Bertolli, Carapelli, Borelli, Borges, extra virgin olive oils. Also, another form of competition that deals with the company come from companies that launch some substitutes to olive oil products, such as soybean oil and corn oil. This intensifies the competition in terms of prices as these products traditionally are sold at more affordable prices than extra virgin olive oil which is basically more expensive [6]. The fierce competition is also provoked by the great many brands that operate in this field making the customer confused about which brand would decide. This is because the cultivation techniques of olives and olive oil are continuously changed and improved as the technology proceeds making the competition more dynamic as the increasing quality of the products press companies to improve the nature of the olive oil produced. For this reason, there are a lot of rumors about brands that were not market the quality of the virgin product that promotes [2]. Another form of competition that should combat the company stems from companies that launch olive oil as a luxury product which is sold in pharmacies. This marketing strategy attributes to the olive oil marketed a more prestigious image which affects the customers’ value perception [7].

**Findings and Results**

**Marketing strategy**

The main objective of the company is to be expanded in the international market exploiting the quality of the products used with the most health benefits that it has so as to promote a healthier diet lifestyle. Also, the company targets to establish a Greek brand in the international market by combining the traditional Greek products with the Mediterranean diet and the genuineness that characterize them. In other words, it attempts to align the inspirational image of the company with the values included in the olive oil production. To reinforce this idea, it strives to provide exceptional recipes that based on the Mediterranean diet so as to inspire a Mediterranean lifestyle as a new trend that will come to stay. Armed with these tools, the company aspires to promote the values of the Gaea that reflects the mythology’s philosophy and the cultural particularities of the country combined with its diet habits so as to be discriminated with its competitors. In conjunction with this, the company is imbued with a corporative responsible behavior that reflects the passion of the company to exhibit the Greek products and offer unique experiences in an international background using an ethical behavior, and adopting the virtue of fair competition [8].

Generally, the customers that the Gaea Company targets are people that want to improve their healthy nutrition and have the Mediterranean diet as of primary importance in their lives. Therefore, families are one category of the target customers of the company as this olive oil is ideal for cooking and the healthiest edible food. It can be used as an excellent complement to many recipes from sweets to main dishes. Along with the families, children and young people are another kind of target customers that Gaea addresses, because its products include lots of ingredients that help the development of a strong bone structure, the cognitive process, strengthens the brain function and affect the development of central nervous system something that it is really significant in these ages as they should study a lot so as to build a thriving future and should have the appropriate energy so as to dealt with the activities that are involved. In addition, people with health problems [9], such as diabetes type B are another group that the company aspires to attract. In fact, extensive researches have proved that there is a strong correlation between people’s diet and morality and have shown that people that consume two tablespoons of extra virgin olive oil per day have higher life expectancy as it has anti-inflammatory properties, prevents the cell destruction, help to maintain a healthy blood flow and benefits its circulation, reduces the risk of uterine cancer, arteriosclerosis, rheumatoid arthritis, and cardiovascular diseases [10]. What’s more, athletes are another category that Gaea wants to approach since the quality of their diet plays a major role in their career path. For this reason, they used to take care of their physical health to be robust and sturdy so as to meet the demands of their jobs. Last but not least, lavish restaurants are also interested in the extra virgin olive oil because they can use the product to offer delicious dishes to their customers who are willing to pay a lot so as to enjoy a food of high quality and taste. So, as it is obvious Gaea directs in a large customer base since the nature of the product permit it as well as the great many uses that it has [11].

Gaea is a highly reputable brand that holds high regard internationally due to respect, the professionalism that it shows on customers’ needs and concerns and the high quality of the products offered at the most affordable prices and unique packaging designs. The quality of the products and the variety of its differential advantages are approved by the plenty of the awards that have gained in many competitions. Indicatively, the extra virgin olive oil of Gaea won in the L.A. International Extra Virgin Olive Oil Competition 2001, Gold Awards in Moscow 2012 "Prod Expo 2012", "Best Of Greece" Award in Zurich 2012 “11th International Olive Oil Competition”, The Ruban d’Honneur Award in European Business Awards 2011 of the Import/Export Category, Annual awards by ELEOTEHNIA since 2008, The Gourmet Award in Crete for the "2nd Annual Competition for the Best Extra Virgin Olive Oils 2007 in Greece", and the packaging Star in 2008 from the “3rd National
Packaging Competition – Greek Stars” [12]. This is because, the company provides a really authentic product that corresponds to the Mediterranean diet in comparison to its competitors who tend to offer products that are Mediterranean blend; thus differ in flavor, and in quality. Another benefit of this brand is that it constantly attempts to improve its product lines by ameliorating its products or adding new one showing its dedication to the customer’s requirements, and exhibiting its devotion in creativity. Also, the company show respect to the particularities of each country and adjust its products to them. For example, in China, Gaea introduces a different packaging style using the black and the white colors so as to reflect the Chinese symbols, yin-yang. The product is included in small bottles so as to make the customers become familiar with their aesthetic and combine the culture of the company with the culture of the country that it addresses. Also, Gaea is close to the global society and interest for the problems which relates to the eating habits and the environmental problems. For this reason, it is committed to offering the purest and 100% natural products so as to satisfy customers’ needs and highlights the Mediterranean diet as a new lifestyle that people tend to keep pace with it. Being aware of the rapid rate of the everyday life and the danger that this new habits involve, it provides a product that it is extremely helpful for the human organism as it prevents the premature aging function, heart diseases, strengthen the immune system, the nervous system, control the weight, improve the mental and cognitive function, the bone structure, reduce the risk of rheumatoid arthritis, facilitates the digestion process and has anti-inflammatory properties that generally contribute to life expectancy. However, Gaea products did not supply merely health products but a delicious extra virgin olive oil that can awake the senses and trigger spectacular positive feelings as the consumers feel strong and upbeat to deal with the everyday challenges after consuming it. It is definitely a leader in the olive oil industry and the first brand that achieved to appropriately match the traditions of the country originated with the most innovative trends in the technology. Also, in corporation with the Swiss organization «myclimate», the Greek company attain to introduce an environmentally friendly product by reducing its carbon emissions. Along with this, it had run campaigns regarding the climate change by implementing a «green» marketing strategy and making a lot of investments in this field. Furthermore, the company organized many events so as to help Greece enterprise innovation through organizing competition in which young people were rewarded by the company for their innovative ideas regarding the entrepreneurship included 25,000 euros (about $32,500) plus a low-interest loan from a reliable Greek bank, plus access to Gaea’s broad international distribution network so as to boost the Greek economy and shows that the company do not interest only for its revenues but also for the society and people who are willing to adopt the basic principles of the company [7]. It also helped young people to build their own industries in the context of the «Antiparos initiative project» and also funded the construction of the «Vranas olive press museum» on the Lesvos Island with the aim to empower the Greek industrial culture in the field of olive oil production. Without a doubt, being a pioneer in so many sectors that stated above, Gaea offers experiences that do not resemble with any product provided in the market, as Gaea do not just provide healthy and innovative products, but a new, unique lifestyle that reflects respect to nature and a humanize philosophy. For this reason, it is not just interested in having products in large volumes but for the quality of them and the economic and social prosperity globally [2].

Marketing mix

Product: The main product that Gaea launches is extra virgin olive oil, a product that as it aforementioned is renowned for its quality. In general terms, the quality of the products should be undergoing an organoleptic evaluation process from an independent institution as the European Directive 196/2002/ EC requires. Gaea’s olive oil was certified by this institution and was approved its quality. However, this brand is highly distinguished from similar companies that produce the same product as Gaea uses a great variety of natural ingredients to its olive oil without any chemical procession. To this result, it highly contributes the fertile soil, and the cultivation process of olives that Gaea applied since it coordinates with the most renowned farmers and relevant corporations that are located in specific areas of Greece which are notable for their climate, such as Kalamata, Sitia, and Crete. For this reason, the company launches different types of extra virgin olive oil, such as Kalamata Extra Virgin Olive Oil, Crete Extra Virgin Olive Oil, Greek Extra Virgin Olive Oil, and Premium Organic Extra Virgin Olive Oil and a relatively new product, the Gaea Fresh Extra Virgin Olive Oil. It also provides different varieties in terms of flavors, such as the Sparta Extra Virgin Olive Oil, and the Aromatic extra virgin oil [13]. All these categories are composed of a lot of green herbs and other pure products that do not contain artificial preservatives or additives and can be completely absorbed by the human organism at a level of 98% while it yields the same number of calories as all the others olive oils. Also, the Gaea used nitrogen in its tanks with the view to eliminating the amount of oxygen achieving to forestall the olive oil oxidation, something that helps the olive oil to maintain its healthy ingredients. Along with this, the bottles used have distinctive black colors which also contribute to keeping the freshness of the product and its flavor by reducing the amount of light and heat to be permitted in it. What’s more, the product package has complicated dark colors and it is cautious designed and sophisticated so as to attract the customers’ attention while it includes information about the harvest date of the olives as well as the date that the olive oil is bottled to prove the brightness of the product and inspire a sense of security to the customers. Furthermore, the product is distinguishable for its vibrant aroma of the ripe fruits which create a superb flavor of bitterness, and spicy sensation which is caused by the combination of the mixture of the real herbs and the olive oil [14]. Another important characteristic of the Gaea’s extra virgin olive oil is that it is the first one that introduces the extra virgin olive oil which is accredited as carbon neutral. In fact, the extraction process includes cold temperatures so as to maintain the green color of the olives and its flavor without using any refining process [15].

Place: The markets that the company sell its products are in Europe, namely in the Austria, Belgium, Cyprus, Denmark, Germany, Greece, UK, Finland, France, Norway, Poland, Romania, Russian Federation, Slovenia, Sweden, Switzerland, Netherlands, and China, Hong Kong, Australia, New Zealand, USA , Canada, Brazil [12]. First of all, it is obvious that the company emphasizes in the Europe as it consists of countries that Greek companies have better access to them due to the free transaction of goods and includes people that have imbued the principles of Hellenism; thus it is relative easy for consumers to become familiar with the product. Regarding the Canada, the extra virgin olive oil is the second most important Greek exported product and represents the 11.4% of the total value of exports to Canada. In addition, Asian countries and America market was a challenge for the company as it had to deal with more complicated transactional legal rules and different provisions regarding the taxes and the transaction of goods. Also, this kind of product is not so famous in these countries,
because they were used to consume other types of edible olive oils which are relatively cheaper than the extra virgin olive oil and were not so informed about the beneficial properties that it has in the human organism. For this reason, the success of these markets is unpredictable for the company and vindicates the company’s choices [16].

Price: The Gaea applies a penetration pricing marketing strategy which is aligned though with the living standard of each country in which operates and is adjusted to the domestic and global competition. Given that the main goal of Gaea is to establish an international reputation and aspirations to enter into many different markets, a premium strategy could not facilitate this goal as the business will grow at a very low rate, because only a few customers would be attracted by an unknown product that is offered at high prices [1]. For this reason, Gaea selected a more consumer-friendly pricing strategy by having mediocre prices in the targeted countries so as to gain more market share. In general terms, the pricing strategy of the company is adjusted to the demand, the size of the orders and the distance of the countries from Greece. Also, it should be pinpointed that olive oil is an undifferentiated product to the naked eye and thus in the majority of the cases the customers’ criterion is mainly the price. So, the affordable of the price of extra virgin olive oil is of paramount importance for the company which however retains its prices in a mediocre level so as to increase the customer’s value perception. The balance of these two parameters ensures the success of the Gaea concerning its growing sales [17].

Promotion: Essentially, the company is interested in the B2B market. So, it has a strong presence in the international olive oil exhibitions so as to reassure the fullest information to anyone in the world interested in cooperating with the Gaea Company. Such social events in which the company is highly involved allow the firm to inform interested parties about the activities of the company, exchange ideas among the shareholders and formulate precious business relations that facilitate the company to be expanded. Along with this, it helps the development of distribution networks in large markets by promoting the products to customers. Moreover, Gaea Company encourages the Public Relation department as it believes that through interpersonal communication can better achieve its prestigious goals. For this reason, the marketing strategy of the company does not involve an aggressive advertisement competition with the other companies as it considers that the PR and the development of a great variety of campaigns are sufficient and efficient methods to reach their goals. Also, the company collaborates with respected people, such as David Neuman so as to boost the reputation of the brand and foster the brand preference together with large distribution channels. As a matter of fact, the company uses basically traditional methods of advertisement so as to communicate with its target customers. However, it should not be underestimated the web activity of the company. The Gaea’s’ sites involve important information about the company’s achievements and awards, as well as information about new and existed products that are really detailed and well-designed so as to attract the customer’s attention. Some of the most important awards presented are Gaea Fresh Extra Virgin Olive Oil winning Gold at the New York Olive Oil competition (2015), Silver Award for Gaea’s Kalamata DOP Extra Virgin Olive Oil at Olive Oil Japan in Tokyo (2015), and European Business Awards 2013. It has also a strong presence in social media and offers great services for Internet users that are interested in the brand [2]. The website of the brand contains also many recipes that includes orange-flavored bitter chocolate mouse with Gaea fresh extra virgin olive oil, potato chips made in the oven, beef fillets with Gaea oxymelo, Dakos salad, fish on bakery paper with Gaea Vranas extra virgin olive oil, hummus with pine nuts, marjoram and Gaea fresh extra virgin olive oil, salad with fennel, orange, chicken and Gaea Sitia extra virgin olive oil, chicken, feta cheese, olives and Gaea Kritsa extra virgin olive oil, lemon cake with Gaea Sparta extra virgin olive oil with the view to motivate customers’ to start thinking of the usefulness of the extra virgin olive oil highlighting the quality of the product against the products of other competitors.

Regarding the distribution channels that Gaea Company uses so as to shift the products to its customers and disseminates its powerful message, it used a large distribution network that helps to be received its products in the geographical areas that operate. Besides due to the fact that a lot of its sales comes from the international market, the company needed to establish a strong relationship with local distributors of each country and renowned companies that could facilitate the transaction process with the most easily and quickly way. So, apart from its e-commerce site, the company corporates with many channels also. In other words, it has achieved to build its online shop together with creating a multinational distribution channel which consists of distributors that sell to retail markets, including supermarkets, specialty food stores, and restaurants. For this reason, to restrict possible conflicts between the channels and encourage effective corporation, the company puts a great value on educating the distributors regarding the different categories of olive oils, the advantages that they have and the possible demand that expected to have; hence making them more willing to negotiate the price of the olive oil and to distribute the product in such areas as it convinced them that Mediterranean diet is a new trend that it would be expanded globally [18]. Also, it offers a lot of facilities to them so as to encourage importers, wholesaler, and supermarkets to promote the product in the market segments and make the product renowned. As it is stated above, given that olive oil is a product that the differences lies in the details because many kinds of olive oils resemble, the company tries to remark the advantages offered and the benefits that will have the distributors who decide to collaborate with the company. Therefore, it had reduced the problem that is witnessed in olive oil distribution channels which are blocked by existing competitors usually with long co-operation agreements with distributors [19].

Discussion and Limitations

Evaluation of product’s marketing strategy

With the analysis that formerly made, it became more than apparent that the Gaea Company applied a solid and innovative marketing strategy so as to increase its sales and gain market share. To be more specific, the Gaea’s extra virgin olive oil has all the beneficial characteristics so as to become one of the most favorable products to the consumers that it addresses as it has lots of health benefits and elegant packaging. So, it has a strong value proposition to communicate with its customers given that it has a great story to tell. Also, the pricing strategy that the company applies seems to be also successful due to the fact that it is aligned with the goals that have set and can successfully beat the harsh existed competition. Regarding the promotion of the brand, Gaea emphasized on public relations and social events so as to create strong collaboration with people that can accent the brand features. In general terms, the promotion strategy is satisfactory concerning the budget that the company has decided to allocate on it. Furthermore, Gaea has achieved to establish strong distribution channel which facilitates the transportation of the product.
to other countries and at the same time promoting the product, because it has accomplished to make money for retailers in a category that is not traditionally known as a profitable sector. Last but not least, the ethical and social responsible behavior that the company presents to its customers is probably an invaluable asset for it, because it builds strong, true and loyal relationships between its customers that appreciate the virtue and the culture of the brand and thus it is more likely to become faithful followers of it. For example, the fact that the website of the company demonstrates tips so as to facilitate the customers’ purchases without though containing expressions that manipulate them to select the Gaea brand it is really respectable as it shows that the company interested for the customers’ needs and as well as the humanize image that promotes through its charitable actions makes the brand a definitely right choice for the customers from all aspects [2].

Recommendations

While the brand undoubtedly presents a great success regarding the application of its marketing strategy as the quantitative data from many surveys showed, there are some sectors that Gaea could improve so as to better achieve its goals [16]. To be more specific, a recent survey that was conducted by Austrian marketers shows that the company should make a try to reinforce the brand awareness in this market segment. In the light of these conclusions, an inspirational idea for improving the promotion of this brand could be the «creation of a card with stories and facts about olive products and the company itself, as well as short recipes that use GAEA’s olive oil. The designed card would be enclosed in the packages of the olive oil bottles» [20]. In this way, the brand would have a powerful «story» to tell to its customers and would eventually attract more consumers. What’s more, it is advisable for the company to allocate some money of its profit to be involved in an unethical competition that may harm the customers’ interest. On top of that, the environmental awareness, as well as the humanize image that promotes through its charitable actions makes the brand a definitely right choice for the customers.

Conclusions

The financial crisis put a great burden in Greek economy but also opens up many opportunities for companies that were willing to exploit the inspirational ingenuity and the available resources so as to stand out. An indicative example of such company is Gaea Company which introduced an extra virgin olive oil of high quality that knows great success internationally. The coherent marketing strategy that implemented, the solid objectives and the excellent organization of the company combined with the virtues that it embraces are only some elements of the firm’s success. Although there are many things that Gaea should reconsider so as to reach its ambitious goals, the guidelines that direct its plan ensure that Gaea will have a promising future in the long run.

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