UNIVERSIDAD DE ALMERÍA

FACULTAD DE CIENCIAS ECONÓMICAS Y EMPRESARIALES

MASTER IN INTERNATIONAL BUSINESS ADMINISTRATION
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Business Feasibility Study for the company Lab SL in Morocco.
Market research and action plan.

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1. PROJECT BACKGROUND AND JUSTIFICATION.

This project is the result of my internship at the company Lab SL (Clinical Bio-Analytical 3Laboratory), located in the Industrial and Technological Park of Almería (PITA).

This document contains information, generated from a Moroccan market research, as a candidate for the market penetration of the company and offers their services.

The Moroccan market selection is justified by a previous phase of research by the company Lab, the organization Extenda and the final master draft of 2011 "*first steps towards to internationalization*". The results of this work was decisive for the final selection of the country, and the design and implementation of a action plan, which may clarify in advance the economic, commercial and technical viability of Lab to expand their business to international markets.

The previous project was intended to reflect the beginning of the internationalization process of the company Lab, as well as the multitude of elements that must be taken in account at this stage. After an analysis of potential markets for Lab, five key countries were selected to make a deep study.

For this analysis, five countries were selected: Chile, Argentina, Costa Rica, Turkey and Morocco. These countries share their current potential agrofood industry and its high exporting rate to Europe. Some of these variables were considered: economy situation for foreign investors, labour costs, investment support to create a business, direct competition, etc.... as well as a SWOT analysis of the company was developed by Extenda in order to find the competitive advantage of Lab, and weaknesses of the company from the point of view of international sphere.

The main outcomes were:

STRENGHS

- Quality of service at a competitive price.
- Wide range of services.
- Good economic situation of the company.
- Well-equipped laboratory.
- Capacity for development of new methods very quickly.
- Unique skills in R+D.

WEAKNESS

- Lack of customer base in foreign markets.
- Lack of decision making in strategy decisions and this process is usually long.
- Possible lack of staff willing to go abroad; possible lack of qualified staff there.
- Relatively high fixed costs.

OPPORTUNITIES

- Increase on the production of fruits and vegetables outside of Spain.
- Environment area with high potential.

THREATS

- Intense local and national competitors. Their strategy is mainly based on price.
- Problems of logistics and investment to start up a business abroad.

To Extenda, given the heterogeneity of the five selected markets, it was difficult to study in depth each with their characteristics and degree of specialization. In addition, Lab needed to determine which business model would be appropriate to each country. For these reasons, the company showed its preference for three of the previously selected markets: Morocco, Argentina and Chile.

After that, a deeper analysis began in order to facilitate the final decision.

LAB´S PRIORITY MARKETS AND SELECTION.

In this stage, a dossier of information for each selected country is created, which aims to provide general information about the country and its relationship with agribusiness. This analysis focuses on the following points:

- Geographic situation and general data
- Religion and society
- Economic framework
- Agricultural sector
- Standar and technical requirements
- To strablish a comapny
- Tax treatment of foreign investors
- Labour legislation and Human Resources
- Support agencies for investment
- Plans and agreements

The information collected, despite being extensive, does not reveal key data; all this information has been collected from secondary sources. Some important information is that the three countries seem to work with the same quality standards, required for exporting fruits and vegetables to Europe, and they have significantly lower labor costs than Spain.

If the information from each country of the target is analyzed, the potential of each to its final disposal or selection can be determined:

Argentina: Seems to be a market with high risk: Macroeconomic instability and mistrust in the political class. The lack of agility of the organisms makes the process of setting up a company long and costly. There is also a large lack of information about sanitary and phytosanitary legislation, as well as about the level of competitors.

Morocco: The geographic proximity is a great advantage, but the culture is very different to ours. In recent years there has been an increase in the economy and a growth model open to the exterior with the signing of agreements that would allow to Spain to enter preferentially. But there is a lack of transparency, as well as bureaucratic and administrative problems when creating business, constituting an obstacle for investment.

Chile: This country provides better options for investors. Its indicators support a macroeconomic stability and it is considered the most developed country in South America, having a stable legal and fiscal framework and also transparency. They have the same language and also they account with well-trained professionals. In contrast, although, there will be a great potential future expansion of the agricultural sector, there is a huge competence on the spot. A lot of laboratories offer the same service like Lab.

Chile was the option chosen like the best market to penetrate. But, this country gathers the following information that may make complex its project.

- Chile is very far from Almería, so the needs of financial resources would be higher than other countries
- Higher direct competence than Morocco and Argentina.
- …

Final selection.

After following recommendations of organizations like Extenda, studying different alternatives for potential markets, gathering opinions from experts and studying international trajectories of other companies, Lab decided to analyze in depth the Moroccan market, and design a commercial plan to minimize risks of internationalization that could destabilize the current situation of Lab.

Morocco is the option selected, a priori less business risky, for the following reasons:

- Proximity: The country is located within the concentric circle of activity of Almería. This advantage may allow Lab to act directly without having to establish headquarters there.

- Agreements: Morocco and Spain, through the European Union, have free trade agreements and the progressive dismantling of customs tariffs. Even for food products, but subject to special requirements.

- Contacts: LAB has some contacts in Morocco that can provide firsthand country information.

- Potential clients: Due to low labour costs, in recent years European and Spanish companies are being established in Morocco to exploit the land and sell their products in Europe. Moreover, the steady growths of Moroccan agricultural production and export indicators increase significantly every year.

After in-depth study of the possibilities of the country, it will be cited below the advantages and disadvantages of the future performance of Lab in Morocco.

2. INTERNAL ANALYSIS OF THE COMPANY.

2.1 DESCRIPTION OF THE COMPANY LAB SL. (Services, employees, career)

BRIEF HISTORY OF THE COMPANY

Is the first company technology based (EBT) recognized as such by the Andalucía regional Government Campus Programme and created under the initiative of Scientifics of Almería and Granada Universities. It is also one of the Top 10 companies accredited in Spain within the areas of pesticides and environment. It has a large number of certifications granted by private organizations such as ENAC[1] or SGS[2], and public organizations like the Ministry of Environment or the Ministry of Agriculture and Fisheries.

They offer services of analysis, R+D+I studies and projects. They are specialized in food safety, product labelling, agronomic analysis, integral quality of water, air purity, bio security, industrial hygiene, etc. Its mission is to present an offer of advanced analysis of pathogens and pollutants in fields such as chemical, microbiological or environmental.

2003. The project of the company begins, with the collaboration of:

- Agencia Idea.
- Fundación mediterránea.
- Private capital.

2004. Signing of the first agreements with universities.

2005-2006. First contracts and public awards.

They obtained the UNE-EN ISO/IEC 17025[3].

2008. Obtaining of ISO 14001:2004[4].

2010. Obtaining of ISO 9001:2008[5].

[1] National Accreditation Organization (Spain).

[2] General Surveillance Society; private company in 140 countries.

[3] International standard: General requirements regarding the competence of the test and calibration laboratories.

[4] International Standard: Environmental Management Systems.

[5] International standard: Quality Management Systems.

2011. Obtaining UNE-EN ISO/IEC 17020[6] and QS[7].

COMPANY DESCRIPTION

LAB is technology-based company considered as a leader in Andalucía. It is laboratory that focuses its analysis in the fresh food industry, microbiology, environmental and industrial hygiene, and ensures total traceability and reliability of the results. Residues, mycotoxins, organic contaminants in food, environment or workplace, are some of the areas in which the company is specialized.

LAB is based on a wide experience in the development and application of advanced analytical methods relying on a highly qualified staff and modern scientific instrumentation, ensuring the reliability and traceability of the whole process. LAB also has a customer service area, which is responsible for identifying the analytical problem, and it also offers scientific and technical advice in order to meet the needs of the customers by providing a high quality service and in line with their objectives.

Services

LAB structures its wide range of services from a functional and commercial organization around four areas of demand:

1/ Fresh Food Industry: Conformity assessment of products to ensure quality and safety in all links of the food chain with the guarantee offered by an accredited laboratory. Within this area:

a) Food quality and safety.

b) Agronomic services and auxiliary industry.

c) General hygiene plans and analysis of critical control points.

2/ Environment: Analysis services, control and monitoring of quality in different areas using the most advanced technology on the market. Within this area:

a) Water quality.

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[6] International standard: General criteria for the operation of different types of inspection bodies.

[7] German Quality Assurance.

b) Sediments and biological samples.

c) Contaminated soil and solid waste.

d) Air quality.

3/ Biosecurity: Treatment and prevention of legionella in premises with risk of growth and dissemination of this organism. They also work on quality control in indoor environments (hospitals, offices, hotels, spas, etc.) and outdoors (landfills, sewage treatment plants, etc.).

4/ Industrial Hygiene: LAB has technical expertise in the planning of sampling and analysis to carry out an appropriate control of industrial hygiene at each workplace (chemical and microbiological quality of air, metals, pesticides in air, etc.).

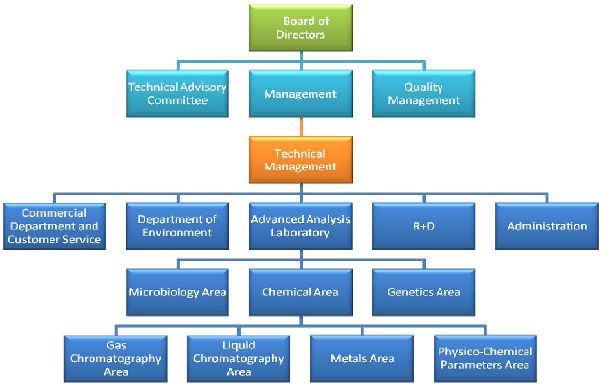
Organization and staff

Its premises are divided into different areas: Microbiology, Gas Chromatography, Liquid Chromatography, Genetics Area, Metals Area, etc. It also has an Area of Management and Administration as well as Commercial Area and Customer Service.

The recruitment policy is mostly associated with university students that come from research groups, which are offered employment as well as modern technical means to experiment and develop their skills, receiving LAB in exchange, a highly motivated and involved staff with some unique skills in R + D and a great capacity for development of new methods very quickly. It currently has 22 employees, of which we have to point out a high technical qualification:

- More than 40% completed postgraduate studies (PhD).
- 20% are about to finish their dissertations.
- And 8 more graduates.

All of them are scattered in different departments, which are organized as follows:



Graphic 1 Organigram (Own elaboration based on LAB website, 2011)

<u>Current Market</u>

Its main customers are in the private sector, making up the 80% of customers. The great development of the andalusian food industry and the large increase in exports of fruits and vegetables to the European Union, means that its customers are mostly concentrated in the eastern of Andalusia. Thus, one of its main goals is to gain market share within the domestic market, as well as assess the international potential of its wide range of services.

EXTENDA developed the diagnosis of the internal situation and potential for internationalization of the company, which highlighted the competitive advantages and the weaknesses that it has to tackle this project. From this diagnosis, we have to highlight the factors that reinforce the **competitive position** of LAB, like for example:

►<u>Expertise and relationships</u>: thanks to the high technical qualification of the staff together with scientific research and collaborations with the University, LAB has developed a large range of services with great potential to meet multisectorial needs.

►<u>Technical reliability</u>: the quality and scope of its certifications and international accreditations.

►<u>Own developments</u>: the continuous research has helped to optimize the use of some techniques and methods of analysis, resulting in a great capacity to develop new methods very quickly.

On the other hand, the **main weaknesses** that LAB has to go international are related with:

►Small size of the company: this project detracts resources in terms of time and costs.

►Lack of specialized staff and knowledge in the international area, which are essential because we are considering different markets and cultures with different expectations that would create scenarios so far unknown for the company.

At this stage, the company lacks information to establish the criteria on which they would base their range of services abroad, but its will has always been focused to countries that traditionally export fresh fruits and vegetables to the EU and that also admit the Lab's business model due to the possible lack of local development in this sector.

3. MOROCCO: EXTERNAL ANALYSIS

3.1 POLITICAL, ECONOMIC, CULTURAL COUNTRY'S OVERALL

Politic Framework. The form of government is the executive constitutional monarchy in which the king has powers and is a key figure in the country's government, appointing the Prime Minister and the Ministers at the latter. The throne was taken on July 30th, 1999 by SM Mohammed VI. The 1970 Constitution, as amended in 1992 and 1996, expressly forbids the existence of a single party and guarantees freedom of association, although there are three indisputable principles: the Islamic character of the state, territorial integrity and the person and family of the monarch.

Legislative power is vested in Parliament, consists of two chambers: the House or Representatives, with 325 seats elected by universal suffrage every five years, and the Senate or directors, with 270 seats elected by indirect suffrage among municipalities, unions and professional chambers and renewed in one-third of its members every three years.

The judiciary consists of the Supreme Court, courts of appeal, regional courts of first instance and the newly created commercial courts.

The Administration has continued in recent years, a gradual process of decentralization through regionalization. Within regions differ Local Authorities, the Wilayas, Provinces and Communes. It is clear that the government wants to introduce greater transparency and moralization of public life.

Economic framework. Morocco's economy is a free economy based on pricing freedom under the law of supply and demand. Since 1993, the country has followed a policy of privatization of certain economic sectors, which used to be in public hands. Morocco has become a major player in the economic affairs of Africa and is the fifth African economy by GDP.

The Moroccan economy is much stronger and more diversified than a few years ago. Its main resources are agriculture, phosphates, and tourism. Sales of fish and seafood are also an important source of income. It has given a boost to the sector policies and strong investment has led to the emergence of new industrial and services that have helped to diversify the economy. However, Morocco is still heavily reliant on agriculture.

In 2009, the Moroccan economy continued to grow, for the tenth consecutive year, which is the period of growth and macroeconomic stability longer lived for this country.

- **GDP:** The average GDP growth in the period 1996-2009 was around 5%. In 2010, the Moroccan economy grew but at a slower pace than in previous years. Following the 5.6% in 2008 and 4.9% in 2009, the Moroccan GDP grew 3.3% in 2010. The GDP growth is characterized by significant fluctuations depending on the evolution of the Moroccan agricultural sector, largely traditional and, therefore, closely linked to weather conditions.
- **Unemployment. Workforce. Employed population by sectors:**According to the "Haut Commissariat au Plan", HCP, equivalent to our INE, Morocco created 120,000 jobs in 2010. The unemployment rate in 2010 was 9.2%, slightly up from 9.1% in 2009, from 9.6% in 2008. The workforce at the end of 2010 reached 11,402 thousand people, and unemployment to 1,052 thousands.The participation rate fell from 49.3% in 2009 to 49.1% in 2010, with a strong gender gap, and in 2010 was 74.6% for men and 25% for women.
- **Income Distribution:**The GDP per inhabitant, in current U.S. $, was 2,404 in 2008 and 2,555 in 2009, being the latest available data.Regarding to the concentration of income, say that the last survey in 2009 of the High Commission for Planning (HCP), has highlighted that 20% of households with higher incomes account for 52, 6% by mass of total revenues. At the other extreme, we find 20% of low-income households receiving only 5.4% of revenue.
- **Foreign Trade in goods and services:**Morocco has recorded in the last 10 years; a steadily increasing trade result caused by an increasing industrial development of the country, and the successive tariff reductions resulting from the implementation of trade agreements signed by the country in recent years. However, compared to the dynamic growth of imports, exports growth is much weaker.
- **Trade Openness:**In 1996, Morocco signed an Association Agreement with the European Union, which has been establishing a free trade area for industrial goods, customs dismantling starting in 2000 and ending in 2012 gradually.

One of the objectives to be achieved was the Global Free Trade Agreement that integrates agriculture, services and industrial products. This plan entered into force in 2000 and culminated in 2012.

In November 2010, Morocco and the European Union finally signed a new agreement has been approved by the European Council and the European Commission to liberalize trade in agricultural products, agribusiness and derivatives of sea fishing. The agreement aims to raise the quota of six fruits and vegetables, so that 233,000 tonnes of tomatoes exported between October 2010 and May 2011, a share that will rise to 258,000 tonnes in five years. Agricultural tariffs on imports from Morocco will fall by 55%. In return, Morocco opens its market to 45% of European agricultural exports and tariffs will drop by 61% in five years and by 70% in ten years. Morocco paid by this Agreement € 152m through the tax system and about 62 M € by new conditions for their exports.In addition, and as part of this process of opening up, Morocco signed the agreements with the U.S., Turkey in 2004. It was called Agadir Agreement.The agreement with the United States signed on 2 March 2004 and in force on January 1, 2006, provoked the immediate elimination of tariffs on 95% of bilateral trade in consumer and industrial goods.

Regarding the Agadir Agreement, adopted on February 25 of 2004, based on the Agadir Declaration and signed between the governments of Egypt, Jordan, Tunisia and Morocco on May 8 of 2001, entered into force in April 2007, after overcoming the reluctance of the industrial sector 15 Moroccan. There under, has created a free trade area between the Mediterranean Arab countries in order to expand and liberalize trade, to make the space more attractive to foreign investment flows.

- **Major trading partners:** The Morocco's main trading partner is the European Union (EU-27 from 2008), destination of 50.96% of total exports and origin of 58.54% of its imports in 2010. The balance of trade between the two regions is clearly favourable to the EU, with exports in 2010 valued at 13,630 M € compared to 7,715 M € of imports.
- **Foreign investment:** According to data from the Exchange Office "Office des Changes" updated to May 2011, the FDI received by Morocco in the period 2007, 2008 and 2009 were down, reflecting the impact of the global economic crisis.

Regarding to which country has maintained its investment for this period are France and Spain.

- **Currency. Exchange rate evolution:** In recent years, the international currency markets have been marked by the depreciation of the dollar, which has had an effect on the rate of the dirham, which has depreciated against the euro and has appreciated against the dollar and the yen. The average rate of the dirham, is, according to the Bank Al Maghrib:Euro: 11.28 (2009) 11.17 (2010) 11.333 (20/04/2011). U.S. Dollar: 8.6313 (2009) 8.356 (2010), 7.8014 (20/04/2011)

3.2 CHARACTERISATION OF THE AGRICULTURAL SECTOR IN MOROCCO

After analysing the political and economic framework of Morocco, the next step is studying the situation of the agricultural sector, including agribusiness industry.The objective is to characterize the agricultural sector and determine the main producing areas; the agents involved in structural policies, potential customers and also to study possible direct competition Lab SL.Morocco is a country with agricultural and rural tradition, besides having an important fishing wealth. The food processing industry is a strategic sector involved that contributes to national GDP by 8% generating about 4.1 billion Euros, employing more than 100.000 workers. *(Icex market research 2011)*. This sector has great development capabilities, to which must be added that currently it is not entirely organized, is fragile and very competitive, so it has plenty of potential to be a business opportunity. The industrial activities sector gathers: fruits, vegetables, legumes, fish, "preserved" meat (beef, lamb), poultry, beverages, oils, milk, flour, cereals, pet food, snuff, and other products foodstuffs. The first four activities are most important and are export-oriented; the rest is exclusively developed to meet domestic demand.Given that, the agricultural industry is strategic for economic and social development of Morocco, many agricultural and rural programs, and structural reforms are being carried out. For example, the Plan Maroc Vert (Green Morocco Plan), and pour l'Emergence Industrielle Pact (Pact for Emergency Industrial).

Agricultural Sector

Agriculture is a strategic sector of the Moroccan economy. It generates approximately 19% of GDP (15% in agriculture and agribusiness 4%) and more than 4 million direct jobs in rural areas and 100 thousand jobs in the food industry. It plays a role in the country's macroeconomic balances and supports a significant social load, since the income of 80% of the rural population (over 14 million of people) depend on agriculture, food security guarantees and also about 35 million of consumers. In short, for the Moroccan economy this sector means far beyond their actual weight in GDP (which varies, depending on weather conditions of the year, between 11% and 20%) and it has a role in foreign trade (between 15% and 21% of global exports and around 19% of imports).Cereals, especially durum wheat, dominate Moroccan Agricultural production. The distribution of agricultural crops is distributed as follows: 62% intended to cereals, fallow 18%, 8% is dedicated to the cultivation of orchards, 6% and vegetables, 2% for grass and 4% to other crops.

DISTRIBUTION OF CROPS	PERCENTAGE
Cereals	62%
Fallow	18%
Fruit	8%
Vegetables	6%
Pastos	2%
Other crops	4%
Total	**100%**

Table 1. Distribution of agricultural production in Morocco. Source (Plan Maroc vert)

Agricultural area

The agricultural surface represents only the 13% of the total area of the country (8.7 million hectares). Currently, the Moroccan agricultural sector has about 1.5 million farms, of which almost 70% have less than 5 hectares, which represents 24% of the agricultural area, and even within these, 55 % is less than 3 hectares. Those with 5-20 hectareas account more than the 43% of the agricultural area, and 25% belong to the farmers. Owners of more than 100 hectares, by constituting 8.7% of the agricultural area, and represent only 0.2% of total holdings. Therefore, the profile that characterizes the vast majority of workers in rural areas, is a farmer living in miserable conditions, working in small family farms, which are using rudimentary farming techniques that have few or no infrastructure.

Size of holdings

One of the main obstacles to the development of Moroccan agriculture is the small size of farms. Successive agricultural reform plans has identified the problem but they were not effective in eradication. Predominantly smallholdings. These farms are too small to provide technical and financial resources to intensify agricultural production.

Culture Techniques

There is a sharp contrast between two models of culture technique: the traditional and the modern.

- The traditional or subsistence is used by 90% of the rural population and involves the use of rudimentary farming techniques on small family farms. It occupies 80% of the agriculture surface.
- The modern model is applied in a 1.5 million of former colonized territories, irrigation perimeters and areas affected by land reform. It occupies approximately 20% of agriculture surface and it is characterized by high productivity due to the use of modern technologies.

Agribusiness Industry

The agri-food industry generates about 35% of industrial GDP and 4% of GDP added. It brings together 20% of industrial companies and generates 17% of the country's jobs involved in 25% of exports of processed products. In recent years there has been a sector growth linked to increased investment.

This sector is one of those included in the National Plan for Industrial Emergence, program signed between the Moroccan government and the private sector for the period 2009-2015, which aims to improve economic growth, modernization and competitiveness of the country through industrialization.

In relation to the food industry, this plan aims to tap growing domestic demand and international demand for products related to the "Mediterranean diet". The aim is to ensure that the processing of agricultural products, and its appreciation, is carried out by the domestic industry. The estimated impact of this project is 10 000 additional MDH GDP and would create 24,000 new direct jobs by 2015.

Exports:

Irrigated farms are mostly large farms, modern and with a clear export orientation, which produce 80% of the country's citrus (main agricultural export by the tomato), 35% of vegetables and 15% cereals.

The main Moroccan agricultural exports focus on three types of products: citrus (26%), fruits and early vegetables (14%) and canned vegetables (24%).(ICEX 2011).

In recent years, the Moroccan authorities has developed performances in order to diversify and modernize agricultural production by improving and stimulating production of other crops, including industrial, vegetable, fruit and other export crops, which should allow cyclical cushion folds of cereal production, heavily dependent on the weather. With this action, the overall growth of the economy is being gradually less dependent on agricultural production.

However, despite the efforts of public authorities for the development of agricultural land through projects for the extension of irrigation, updating of cadastral fabrics, modernization and performance improvement of holdings, loans to buy seeds and machinery, etc., this sector is still very unproductive, even in irrigated areas. Thus, the structure of agricultural holdings, poor training of rural labor, marketing obsolete circuits, lack of modern production techniques, the lack of adequate funding, surgery prices for raw materials, etc., are all factors that contribute to agricultural performance are estimated to be between 30% and 70% of its potential for most crops, including irrigated.

Nowadays, one of the major challenges, that Moroccan economy faces is its current context of openness to international competition and market liberalization, is the proper set-up of the agricultural sector and its population, currently supports within Morocco's highest rates of illiteracy, infant mortality, lack of access to basic public services, etc., which is a real social divide and threatens to destabilize the economic and social development of the whole country.

3.3 INDUSTRIAL COUNTRY POLICY. MODERNIZATION OF MOROCCAN AGROINDUSTRY

Morocco is focused on its economic and industrial growth. The country's government has created a strategy based on outward growth model (growing out). So many efforts have been made to close agreements with countries for trade liberalization.

This growth strategy is related to the investment commitment of the Moroccan government. Regarding the agribusiness sector have created two development plans that are directly related to the future of this sector:

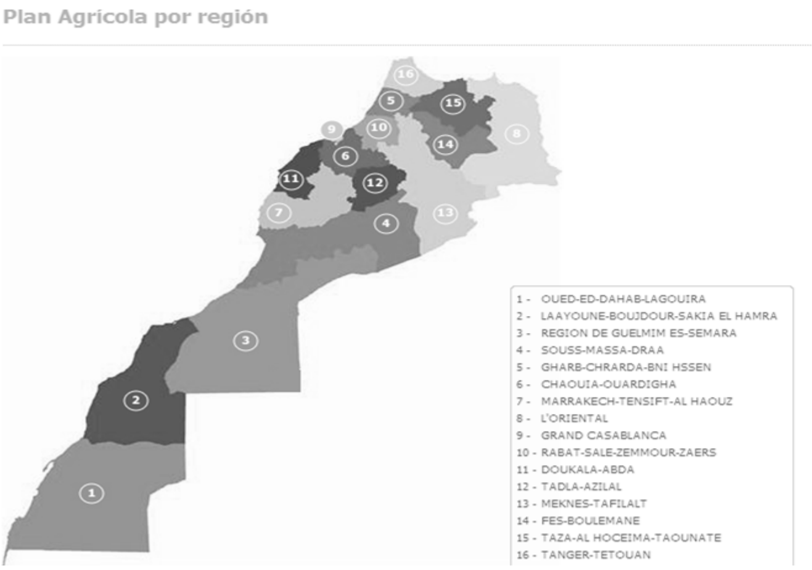
- Green Morocco Plan
- Pact for Industrial Emergence

3.3.1 GREEN MOROCCO PLAN 2008-2020

With the constant intention to revalue the Moroccan agricultural sector, the Royal Government has implemented a strategic plan that aims principal implement structural measures to revolutionize and modernize the sector over the next eight years.

This master plan contains strategic plans for each region. Equipped with 800 million euros, is managed by the Agricultural Development Agency (ADA http://www.ada.gov.ma). This agency is responsible for the control and execution of the actions defined for each individual plan by region.

This strategic way by analyzing every region makes able to obtain information about the state of agriculture in the region through a previous diagnosis made by the agency itself. In this, it can be seen the number of hectares in operation, number of active cooperatives, the objectives of the Green Morocco Plan in the region itself, and the estimated investments and projects executed and outstanding.



Graphic 2. Distribution ofstates in Morocco

The general objectives of the Green Morocco Plan are broadly speaking:

- Make agriculture the main driver of growth in the next 10-15 years.

Agriculture must become into the main engine of economic growth by increasing its share of the national GDP. Increase the number of skilled jobs in the agricultural sector. Increase the value of exports from 8 to 44 billion dirhams in sectors where Morocco is competitive (citrus, olive, fruit and vegetables). Provide financially plan for the execution of more than 1,500 projects each year.

- **Adopt the aggregation and organization model of agriculture.**

The Plan Maroc Vert is based on the principle of aggregation as a tool for the development of agriculture; its effectiveness is based on a "win-win" or mutual benefit between the productive sector and the commercial and industrial sectors.

- Ensuring the development of Moroccan agriculture as a whole, without exclusion.

Due to different degree of Moroccan agricultural development (traditional agriculture Vs technical agriculture), the Plan Maroc Vert adopted two approaches: the "Pillar I", which aims to attract private investment in modern agriculture, high productivity and high value added, and called "Pillar II" focused on solidarity agriculture and development of plant and animal production in disadvantaged areas, to improve the living standards of farmers in those areas.

- Promotion of private investment.

It addresses the need to promote private investment accompanied by public subsidies.

About 70-80% of Pillar II projects will be financed by domestic and foreign investors, the Agricultural Development Fund (ADF) will fund the rest.

- Collaboration between the different actors of the Plan Maroc Vert.

- Regions - Agricultural Chambers - Ministry of Agriculture and Fisheries;
- Ministry of Agriculture and Fisheries - Professional;
- Ministry of Agriculture and Fisheries - aggregators;
- Aggregators - aggregates.

- Keeping in time the Moroccan agricultural development.

One focus of the Plan Maroc Vert is sustainable development and conservation of natural resources. The use of renewable energy in agriculture, irrigation water saving, and convert more than a million hectares of cereal in higher value orchard environment are other actions.

- Reforms in related sectors.

To carry out the Green Marreucos Plan, other related sectors must be reformed, such as taxation, water policy, etc..

GREEN MOROCCO PLAN BY REGION:

The Plan Maroc Vert comprises 16 regional plans in each region of Morocco has captured its objectives in agricultural policy matters 2020. By region, the key data can be observed in Table 2.

REGION	MAIN PRODUCT	Nº COOPERATIVES	INVESTMENT
SOUSS-MASSA-DRÂA	**VEGETABLES, CITRUS, OLIVE, ALMOND**	**363**	**10 540 MDH**
GHARB-CHRARDA-BNI HSSEN	Cítrus, fruit y olive	53	867 million DH
MARRAKECH-TENSIFT-AL HAOUZ	Citrus, cactus y olive	330	10,517 MDH
L'ORIENTAL	Olive y almonds	234	9,122 MDH
GRAND CASABLANCA	Bioecological crops and hydroponic farming	34	2,058 MDH
RABAT-SALE-ZEMMOUR-ZAERS	Legumes, vegetables, olives, grapes	124	5,293 MDH
DOUKALA-ABDA	Vegetables and cereals	230	10,517 MDH
TADLA-AZILAL	Olive, Citrus andcarob tree	No informatin	No information
MEKNES-TAFILALT	Olive, palm and sunflower datiles	No information	11.200 MDH
FES-BOULEMANE	Saffron, Olivo and Lawanda	145	10.700 MDH
TAZA-AL HOCEIMA-TAOUNATE	Olives, citrus, almond and fig	No information	5.200 MDH
TANGER-TETOUAN	Olives, citrus, fruits and vegetables	300	8 200 MDH
GUELMIM ES-SMARA	Cereal, date palms and cacti	184	2 800 MDH
OUED-ED DAHAB-LAGOUIRA	Vegetables	46	1 700 MDH
LAAYOUNE-BOUJDOUR-SAKIA EL HAMRA	Farming	No information	No information
CHAOUIA-OUARDIGHA	No information	No information	No information

Table 2. Data by region. Own elaboration based Plan Maroc Vert

This table compares relevant information about the distribution of Government's funds to the regions in Morocco. From all existing data, it has been rescued only the information for the three variables:

Product cultivated in the region, mainly fruits and vegetables is interesting.Number of cooperatives: High concentration of cooperatives in active in the region

Future government investment: The quantity of money that the Government is going to invest in every region for its modernization. Incentives for aggregation will provoke new export groups or new exporters.The conclusions from this table are that Souss Massa Draa Region is a perfect candidate to study more in depth to design the action plan. Despite having less operating field, it has the largest number of active cooperatives and a higher investment of the Moroccan government.As it is showed in the following table, the objectives of the national plan: to double production by 2020, using almost the same area as today. This means getting the most out of the land through a series of joint actions to improve production. So it does not matter, how big the region, but the number of farms and businesses.

National objective of Plan Maroc Vert

	Objetctive	Current situation		Proyection 2020	
		Surface (ha)	Producction (1000T)	Surface (ha)	Producction (1000T)
Vegetable production	Vegetables	23.500	1460	25.000	2.140
	Citrus	33.000	360	34.000	864
	Olive	27.000	23	31.700	43
	Almond	36.600	6	31.700	8
	Cactus	48.000	390	50.800	603
	Other agricultual products	47.200	67	48.000	80

Table3. Plan Maroc Vert objectives. Own elaboration based Plan Maroc Vert

The Souss Massa Draa region is the leading producer of all these plants so many of these actions will be implemented in the region. That is why this study will focus on the Souss Massa Draa Region. The current and future production of fruits and vegetables for this region is attracting the interest of other laboratories Lab competition and Spanish horticultural companies. This information will be explained later.

3.3.2 SOUSS MASSA DRÂA: REGIONAL PLAN

By studying Moroccan regions and its potential as a commercial explotation, it is considerable to stop and study more in depth the Souss Massa Draa region on this first contact with the country. The company Lab made a business trip to Agadir, the heart of the region, in order to collect information through interviews with business managers and potential competors for Lab

Secondary sources (country's economic studies, industry studies, newspaper articles), justify that this region is the first in the country on farms, production and export of fruits and vegetables Moroccan.

Agriculture is the main activity in the region of Souss Massa Draa, which is characterized by the diversity of their crops (cereals, fruits, especially citrus...).

Some significant figures are:

- 1st region of citrus producing and vegetables nationally.
- 1st region banana production in greenhouses.
- Represents 32% of the agricultural added value nationally.
- Accounts for 44% of agricultural exports of the kingdom.
- Represents 21% of production and 80% of vegetable exports, nationwide.
- Represents 48% of production and 62% of citrus exports nationwide.

The Souss region is the most productive, despite having an agricultural area restricted with 560,700 hectares of which 475,500 are arable. The main agricultural areas are concentrated in the Souss-Massa, named Agadir, Taroudant and Tiznit. This is the first Moroccan horticultural area, predominantly oranges and tomatoes, and contributes to the national export of these products with 50% and 83%, respectively. In Drâa area, agriculture is less intensive and is characterized by the production of cereals and forage crops; this area is also known for the special crops such as rose, saffron and henna.

Agriculture is characterized by the diversity of their crops (cereals, citrus, fruits, etc..). The main products obtained by both areas cultivated and production volume are:

- Cereals: wheat, durum wheat, barley and maize.
- Vegetables.
- Forage crops.
- Legumes.
- Industrial crops.
- Citrus fruits.
- Arboriculture: olive, almond, palm, apple, apricot.

Considering also that the intensive use of irrigation and low groundwater potential determine the price of the final product, making it more expensive, thus requiring aid to alleviate the problems of water scarcity.

Occupation of space and main agricultural production sectors

- Crop production: crops of vegetables and citrus irrigation emit high added values (98 000 Dh / ha for vegetables and 32 000 Dh / ha for citrus) despite its small size.
- Animal production: The dairy industry has the same turnover as the red meat sector.

The latter is the largest consumer of jobs. White Meat production has little value after the honey.

Limitations-barries for the development

The main obstacles for the development of the productive sectors in the region are technical and environmental aspects or related to the market.

TECHNICAL BARRIES	ENVIRONMENTAL BARRIES
Limited resources in the use of the inputs, particularly field crops (availability, scarcity, climate risks ...)	Regression of irrigation water allocations aimed at the perimeters of large hydro in the region (shortfall of 25 to 50%).
Little use of quality material.	Structural nature of drought
Lack of mastery of cultivation techniques (fertilization, irrigation management, plant protection ...)	Over-exploitation of ground water resources (annual average deficit of 340 million m3).
Insufficiency of mechanization.	Sand blasting some perimeters and palm
Problems related to agricultural wastes (crop residues, plastics, wire ...).	Structure of land ownership of the properties dominated by the few surfaces
Pests and diseases with economic impact.	Problems of access to agricultural finance, particularly in mountainous areas
MARKET BARRIES	
Presence of a multitude of intermediaries reducing margins farmers	
The randomness of producer prices for the informal sectors.	
Marketing infrastructure unsuitable	
Agro processing underdeveloped (low evaluation of some products).	

Table 4. Barries for the development(Source: Agency for agricultural development. Icex 2011)

Fishing on the Souss Massa Draa.

Agadir is considered the first fishing port in the country with 18% of national production, resulted in numbers means 120,000 tons of seafood a year. It has 35% domestic value added, making it a leader in the sector. The sector employs approximately 15,000 people (2% of those in the region) and a GDP of 1.8 billion dirhams (6% of regional GDP).

The main investments made during the last years have focused on fishing and look at the infrastructure of ports, increasing the unit value of seafood products for export. Agadir receives 70% of the fishing fleet, 22% of the industries in the recovery of fishery products and 59% of the freezing units, nationwide. Regarding exports, 54% of the national total and the region comes from that value, 29% represent frozen products.

3.3.3 PACTE POUR L'EMERGENCE INDUSTRIEL (PACT FOR INDUSTRIAL EMERGENCY)

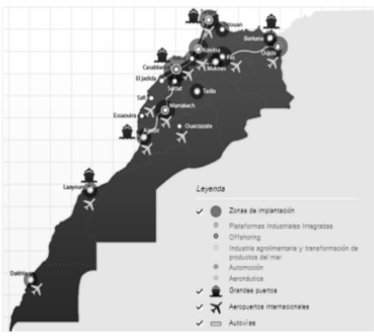
This agreement, for the period 2009-2015, aims to build a strong industrial sector and continuously growing. The impact is estimated at 10 billion additional dhs to GDP and the creation of 24,000 new jobs. The main opportunities are:

- Initiatives of the Plan Maroc Vert.
- Growth in domestic demand.
- Demand of international markets.

The development strategy is based on:

1. Development Plan of branches with strong export potential: Products resulting from the processing of fruits and vegetables. Products Olive and argan, species, aromatic and medicinal plants, canned and oil derivatives.
2. Development Plan for subsidiaries of national basic products: Development of the dairy industry.
3. Plan to support intermediate branches: Improving subsidiaries chocolates, cookies, candies, drinks and improving the competitiveness of SMEs.
4. Agropolis Network: Built to boost the agribusiness and agro-tech, industrial zones consist in areas where all agribusiness companies are concentred and also come with specific support services to help businesses and make them more competitive.

- Agrópolis of Meknès.
- Agrópolis of l'Oriental.
- **Agrópolis of Souss: The project has been already carried out**
- Agrópolis of Gharb.
- Agrópolis of Haouz.
- Agrópolis of Tadla.



Graphic 3. Map of industrial areas projected in Morocco. . (Source: Agency for agricultural development. Icex 2011)

Furthermore, the Regional Council has participated as well in the creation of partnerships and Agrotech AMIGHA, supporting the development of the sector.

http://www.regionsmd.com/index.html

- AMIGHA: Moroccan Association of Geographical Indication of argan oil was founded in cooperation with the Aquitaine region in order to enhance and protect this product.

- Agrotech: Cluster concentrated agricultural enterprises and training institutions and seeking to cooperate in the field of agriculture and agribusiness. Agrotech has also created a center for activities in the field of agro-technology. http://www.agrotech.ma/

The Plan for the region has a total investment of Dh 10.54 billion of which approximately 50% will be allocated to projects with high added value (Pillar I), 10% to charity projects (pillar II) and the remaining 40% will be used for cross-cutting projects.

3.4 MARKET ANALYSIS: SEGMENTATION AND TARGETING

Despite being a sector in constant growth and modernization on Morocco shares similarities with Spanish agriculture even Agadir looks like Almería.

Both, climate and land characteristics are similar. This can facilitates Lab may consider exporting its business model and services to Morocco.

The lab reference market would consist of:

- Independent farmers
- Small enterprises engaged in agriculture with local demand.
- Farmers Cooperatives
- Export Groups
- Agro-processing enterprises
- Supermarket chains
- Private Laboratories

These segments have in common that they all operate within the Moroccan agricultural sector. They all work with fruits and vegetables, and all are within the Green Morocco Plan initiatives of Governments. All of them could be potential customer for Lab. Its segmentation help us to define the most appropiate customers, and reduce investment costs at the beginning.

Defining and using segmentation variables will facilitate the description and analysis of each group, and at the same time point out the audience targets in order to select the right strategy and design the acction plan.

3.4.1 SEGMENTATION CRITERIA OR CHARACTERISTIC OF POTENTIAL CONSUMERS

First segment: Cooperatives, export groupsandagribusiness companies.

- Size: Medium companies.
- Type: Cooperatives o companies group
- Main activity: Producction and comercializationoffruits and vegetables. Transformation included.
- Export products to European Union.
- Minimum demands 300 to 1000 tests per year.

Second segment: Labs

- Size: Small
- Type: Privatewith customers database. Relationship with universities and researching centers.
- Main activity: Analysis of fruit and vegetable pesticides. Ground, air...
- Basic infraestructure and complementary offer for Lab.

Criteria based on benefits.

Thus laboratories, cooperatives, food companies and export groups are seeking European brands to trust their analysis and thus, provide prestige to their products. Local labs are willing to collaborate with Spanish brands to complete their services offer.

¿Why have not the rest of segment been selected?

Independent farmers: Group too fragmented and under-resourced for services eligible for Lab

Small companies dedicated to agricultral works for the local demand: These companies, although they can afford to ask for Lab servicies, are focused on satisfy the local market.

Supermarkets chain: They only ask for 20 – 50 tests per year. They cannot be considered as preference market.

3.4.2 POTENTIAL CUSTOMERS

The similarity of the Moroccan agricultural sector with Almería facilitates the characterization of the potential customers of the company in Morocco. The agricultural sector in the country is characterized by fragile and uncompetitive. Companies develop traditional production system. The shortage of high technology and expertise makes the demand of every day agricultural machinery and modern equipment bigger. In turn, the industry structure is perceived as fragmented, for which the Green Morocco Plan is getting fixed. One of the most important actions of the plan is the "aggregation". This action is a voluntary association of small farmers with an aggregator (business major) and works independently in the field. All companies get financial aid.

As has been commented in the external analysis of this estudy (part 3), it has been chosen to go deeper into the analysis of the market in the region Souss Draa mass. There is a higher concentration of export cooperatives than other regions. What is more, the star pdoduct are fruits and vegetables, what is the target for Lab

Let us recall some significant information justifying the choice:

The region chosen: SOUS Massa Draa:

- 1st citrus producing region and vegetables nationwide.

- Represents 32% of the agricultural value added nationally.

- Represents 44% of agricultural exports of the kingdom.

Potential sales and demand behavior:

Sous Massa Draa The region has a total of 363 cooperatives and export groups, not counting food companies.

Most cooperatives are oriented to export their product to European markets. There is evidence to predict a steadily increasing demand for services that the company Lab can offer in Morocco:

- The government's incentive to support aggregation provokes more active and stronger companies in the region.
- The Moroccan low product prices will cause increasing demand from Europe
- Moroccan companies prefer to work with European laboratories for their reputation and quality standards.

It has been made a list of potential customers for Lab in Morocco in order to undertake the first commercial actions.

The sources has been Internet, trade fairs reports (exhibitors section) and other list from collective organizations.

List 2 shows the main cooperatives in Agadir, also export groups.

3.4.3 PRODUCTIVE AND EXPORT GROUP

Moroccan cooperatives

- **Copag (Coopérative Agricole Copag Taroudant)**
  Cercle Aït Iazza Freija
  83200 TAROUDANT
  Phone : 0528 53 61 71
  FAX: 028 53 61 39
  copag@iam.net.ma

AGRI-SOUSS

- **AGRI-SOUSS**
  Immeuble Najah
  BP 798 - Agadir - Maroc
  Tél.: +212 5 28 226760
  Fax: +212 5 28 223242
  Citrus fruits and vegetables
  Directeur commercial: SOULALI Mohamed
  E-mail: agrisouss@agri-souss.com
  Internet: www.agri-souss.com

ARMONA

- **ARMONA**
  Rue Ben Aîssa Jerouani Q.I Aîn Sebaâ - Casablanca –
  Tél: 212 5 22 66 32 07
  Fax: 212 5 22 66 48 86
  Tomato and citrus
  Responsible:M. Jacquemart ETIENNE

- **Frigos Tarik**
  Rue Sfax, Bd. Kahraba, Route côtière Mohammedia.
  Quartier Industriel Est. Aïn Sebâa. Casablanca Maroc
  contact@arbor.ma
  +212 5 22 35 49 22 L.G.
  +212 5 22 66 25 80 ou +212 5 22 35 72 71
  Fruit

- **Azura. Empresa francesa con delegación en Marruecos**
  Agadir - Maroc
  Phone :+21228303000
  Fax. :+21228303010
  secretariat@azura-maroc.com

- **DELASUSS**
  9, Rue Khalid Ben Walid - Aïn Sebaâ - Casablanca - Maroc
  Tél.: +21222353906
  Fax.:+21222355636
  E-mail: fatiha@delassus.com
  http://delassus.com/anglais/index-anglais.html
  Citrus, sherry tomato, grapes and flowers (sensitized to the environment, water and air...)

- **GPA**
  Moroccan company export of citrus and early vegetables with their own packing centers that produce and deliver fresh produce to destination.
  325, Avenue Hassan II - Agadir - Maroc
  Phone:+21228845906
  Fax. :+21228845905
  E-mail:info@gpamorocco.com / contact@gpa-export.ma
  http:// www.gpamorocco.com

- **Station Matysha**
  Tomato, melon and assorted vegetables (nursery to study accounts)
  Douar Ighraïssen - Biougra
  Phone +212 5 28 81 02 41
  Fax : +212 528 81 02 40
  station.matysha@matysha.com
  http://www.matysha.com/

- **GEDA**
  Siège du groupe - Casa B.P 125 - Casablanca
  Delegation du groupe a Agadir av.Hassan II - Agadir
  Phone: +212 5 22 39 85 00/3
  Fax : +212 5 22 39 89 93
  Mr. Merzouk, jamal
  domaga@iam.net.ma

- **MARAISSA**
  51, Bd de la Gironde - Casablanca
  Phone: +212 5 22 97 2312/35
  Fax: +212 5 22 97 22 79
  E-mail: groupe.maraissa@marocnet.net.ma

- **Prima Atlas**
  117, Av Hassan II, Imm. Oumlil 4 éme Etage n° 31 Agadir
  Phone.: +212 5 28 82 67 90/9
  primatlas@agadirnet.net.ma

- **Rosaflor**
  18, Rue de Madrid - Agadir – Maroc
  Tél: +212 5 28 82 19 25 Fax: +212 5 28 84 32 14
  E-mail: rosaflore@iam.net.ma

- **Soema Avril**
  Tomatoes, zucchini, fresh peppersKm 4,50 Route sebt Aît Melk - Biougra - Maroc
  Phone: +212 5 28 81 04 95
  Fax: +212 5 28 81 04 95
  MR. BENNANI Ali, Manager
  kbennani@connectcom.net.ma

- **Suncrops sarl.**
  French company collects and packaging center in Agadir than 12,000 m2
  N° 27, Imm. Tinmel Place de L'oua
  80000 Agadir
  Morocco

- **FRESH FRUIT**
  BP 1747, Nouveau Port. Anza, Agadir
  Phone: +212-28.82.84.12
  Fax: +212-28.82.52.05
  contact@freshfruit.com

List 1. Main cooperatives in Agadir Morocco. (Source: "The agriculture sector in Morocco. Rabat Office. 2011)

3.4.4 AGROBUSINESS COMPANIES WORKING ON MAROCCO.

Southern Morocco, specifically the province of Agadir, is the second city, apart from Larache, that attracts the largest number of Spanish companies due to agricultural and horticultural tradition and its good weather for greenhouse crops. Some Spanish companies in Morocco are dedicated to produce canned vegetables, Dow Corning, Lukus, Urcimar and Alicomar. In olive oil production stands: Les Huileries d'Agafay as well as in the production of juices and nectars, Rostoy Maroc is the leader. It also highlights Naturalim dedicated to packaging, marketing and distribution of pulses, rice and derivatives.

In horticultural production, there are several foreign companies established: Armona, Societe Afreur, Societé d'explotation Agricole Durc, Olgo Primeurs, Aromafresh, Agrifraise, SVZ Maroc, Maroc Alconera, Quality Fraise, Gharbex, Agro Montsia, Douna Export, Emporio Green, Hortagad, Sercofri Maroc, Forca, Abragri, South pearl and Periroc. In Felgar emphasizes fruit export. In rice production stands Mundiriz.

Spanish agribusiness in Morocco

- **NATURALIM**
  Douar Hfaya - Route de Mediouna
  Casablanca
  Tel:+212 522 97 03 63
  Fax:+212 522 97 06 00
  E-mail:immeco@yahoo.es
  Web: www.alimentosnaturales.es
  Agribusiness
  ALIMENTOS NATURALES

- **DOUNA EXPORT**
  Km 1 Route Sebt Aint Milk (Biougra) Agadir
  Tel:+212 528 81 81 32 / 84 20
  Fax:+212 528 81 84 19
  Fresh and frozen fruits and vegetables
  GRUPO FRUCA

- **SERCOFRI MAROC**
  1, Lot Ismail , 2 PL
  Larache
  Tel:+212 539 52 37 57
  Fax:+212 539 52 37 57
  Fresh and frozen fruits and vegetables
  MARTI

- **PERIROC**
  Nº B749 2-1 Ait Melloul
  Tel:+212 528 30 82 27
  Fax:+212 528 30 83 21
  Fresh and frozen fruits and vegetables
  SAT AGRÍCOLA
  PERICHAN

- **AROMAFRESH**
  Nº 23 BP 714, Rue d'Alger
  Larache
  Tel: +212 661 32 80 87 / 537 90 40 98
  Fax: +212 537 90 40 99
  Web: www.grupoherbex.com
  Fresh and frozen fruits and vegetables

  HERBEX IBERIA

- **HIBERFRUTA MAROC**
  Quartier Industriel Saknia, lot 841
  Kenitra
  Tel: +212 537 36 19 84
  Fax: +212 537 36 19 84
  Web: www.iberfruta.es
  Other fresh fruit

  Tel: +212 537 36 35 38
  Fax: +212 537 36 35 47
  Alimentación animal
  INDUMIX NUTRICIÓ, S.L

HIBERFRUTA

- **ALCONERAS**
  B.P. 09 Moulay Bousselham 14302
  Kenitra
  Tel: +212 537 90 40 32/33
  Fax: +212 537 90 40 34
  E-mail: alconera.maroc@alconeras.com
  Other fresh fruit
  S.A.T. ALCONERAS

- **AGRIPHARMA**
  2, allée des Villas,. Ain Sebaâ
  Casablanca
  Tel: +212 522 35 59 50
  Fax: +212 522 35 61 22
  Oil seeds and oleaginous fruits
  RODA IBÉRICA

- **ENZA ZADEN MAROC**
  BP3642 Agadir Talborjt 80005
  Agadir
  Tel: +212 528 82 30 50
  Fax: +212 528 82 60 64
  Web: www.enzazaden.es
  Seeds
  ENZA ZADEN ESPAÑA

- **INDUMIX MAGHREB**
  Quartier Municiapl Industriel Zaknia lot 15

- **URCIMAR**
  Quartier industriel Ben Souda n°52
  Fez
  Tel: +212 535 72 61 16
  Fax: +212 535 72 62 35
  E-mail: urcimar@urcimar.ma
  Canned vegetables
  AGRUCAPERS

- **ALICOMAR**
  Lot 369 lotiss. Enmae, Quartier Industriel
  Bensouda
  Fez
  Tel: +212 535 65 57 74
  Fax: +212 535 65 57 78
  E-mail: maroc@alicomar.com
  Canned vegetables
  ALIMINTE

- **SOROA PEPINIERES**
27, rue Meknes
Larache
Tel: +212 539 92 56 92 / 93
Fax: +212 539 92 56 88
E-mail: larache@soroa.es
Web: www.viverosoroa.es
Live plants and floricultural products
VIVEROS SOROA

- **RIEGOS LOBATO HUMANES MAROC**
Av Moulay Abdellah Complexe Youssef Ben Tachfine. Bloc A2, Nº 4
Marrakech
Tel: +212 641 40 00 30
Web: www.viverosplantasur.com
Live plants and floricultural products
RIEGOS LOBATOHUMANES

- **DORAY MAROC**
11bis, Zone industrielle B.P. 73 selouane
Nador
Tel: +212 536 35 88 18 / 661 47 47 38
Fax: +212 536 35 88 18
E-mail: doraymaroc@menara.ma
Other products of animal origin
ANDALUZA DE MIELES

- **FRIGEMA**
10, Rue 2 Mars - Quartier industriel BP 232
Agadir
Tel: +212 528 84 57 84/ 88
Fax: +212 528 84 49 07
E-mail: frigema01@menara.ma
frigema@frigema.com
Fish and seafood
FRIGEMA

- **GIL COMES**
Nouveau Port de Larache
Larache
Tel: +212 539 50 15 98 / 661 42 61 31
Fax: +212 539 50 16 27
E-mail: adil@gilcomes.com
marruecos@gilcomes.com
Web: www.gilcomes.com
Fish and seafood
GRUPO GIL COMES

- **CANARY MOROCCO FISH**
Bd. Omar Ibn El Khattab, Le Cemicale 58
Agadir

- **PEPINIÈRES BROKAW MAROC**
Moulay Bousselham
Kenitra
Tel: +212 661 49 45 18
Fax: +212 539 52 01 90
Web: www.viverosbrokaw.com
Bulbs, seedlings and plants
BROKAW ESPAÑA

- **IMPERIAL TOBACCO MAROC**
87, Rue Ahmed Al Figuigui
Casablanca
Tel: +212 522 85 90 00
Fax: +212 522 80 93 66
E-mail: altadismaroc@altadis.com
Web: www.altadis.com
Tobaco**ALTADIS**

Tel: +212 528 29 23 03 / 660 79 19 95/96
Fax: +212 528 29 23 03
E-mail: soussmassadraa@gmail.com
Fish and seafood
CANARY MOROCCO FISH

- **ASTIPESCA**
Parcelle nº3 B.P.1705 Nouveau Port
Agadir
Tel: +212 528 82 68 23/ 24/ 25
Fax: +212 528 82 68 26
E-mail: astipescamaroc@menara.ma
Pescados, moluscos y crustáceos frescos y congelados
ASTILLEROS DE HUELVA

- **SOCOPTER**
parcelle n°81, enceinte du nouveau Port
Agadir
Tel: +212 528 84 44 61
Fax: +212 528 84 63 70
E-mail: socopter.meryem@menara.ma
Fish, molluscs and crustaceans and frozen products
ARTALDE

- **PULMAR**
Nouveau Port, Parcele nº81, Port d' Agadir
Tel: +34 946 18 68 68
Fax: +34 946 18 65 76
E-mail: artaldesa@euskalnet.net
Fish, molluscs and crustaceans and frozen products**ARTALDE**

- **MARISCOS OVICAÑA II**
Lot nº 85 - Zone Industrielle Dar Bouazza
Casablanca

Tel: +212 522 29 08 55 / 622 96
Fax: +212 522 29 05 01
Pescados, moluscos y crustáceos frescos y congelados
MARISCOS OVIÑANA

- **PESCADOS DON FELIX**
  Port de Mehdia
  Kenitra
  Tel: +212 537 38 88 95
  Fax: +212 537 38 88 96
  E-mail: pescadosdonfelix@gmail.com
  Fish, molluscs and crustaceans and frozen products**CONSERVAS UBAGO**

- **MUNDI RIZ**
  Nº 148, Rue Allal Ben Abdellah
  Larache
  Tel: +212 539 92 56 54
  Fax: +212 539 92 56 60
  E-mail: mundiriz@gmail.com
  W**eb:** www.herba.es
  Various food preparations
  ARROCERÍA HERBA

- **LES HUILERIES D'AGAFAY**
  Douar Bouras Agafay Boîte Postale 5284
  poste Iziki
  Marrakech
  Tel: +212 524 42 38 66
  E-mail: lha.agafay@yahoo.fr
  Web: www.gruposos.com
  Olive oil
  SOS CUÉTARA, S.A.

(Fuente: Directorio de empresas españolas en Marruecos, Actualización 2011.

- **EL MENU CONSERVES**
  Nouveau Port de Larache BP: 1029
  Larache
  Tel: +212 5 39 50 15 98
  Fax: +212 5 39 50 16 27
  Conservas de pescado y marisco
  FRANCISCO GIL COMES

- **CUMAREX**
  39, Zone Industrielle de Tétouan
  Tetuán
  Tel: +212 539 68 89 48/ 15
  Fax: +212 539 68 89 63
  E-mail: cumarex@menara.ma
  Prepared or preserved fish and seafood
  CONSERVAS UBAGO

- **NOUVELLE COSARNO**
  Q.I. Anza Rue Al Bahhara B.P. 6196
  Agadir
  Tel: +212 528 20 43 45
  Fax: +212 528 20 45 57
  E-mail: snco@menara.ma
  Web: www.isabel.net
  Canned fish
  CONSERVAS GARAVILLA

List 2. Spanish agrobusiness companies settled down in Morocco

3.4.5 OTHER INSTITUTIONS FOR COMMERCIAL INTEREST

Among the sales strategies that Lab has to supply is offer analysis to cooperatives and collectives with more competitive prices thanks to high volumes. To acquire Lab analysis in large volumes is an advantage against its fixed lab costs.

In this study is proposed below a list of potential entities able to ask forcollective analysis services in Morocco.

- **Asociación Marroquí de Productores Exportadores de Frutas y Hortalizas (APEFEL)**

(Association Marocaine des Producteurs Exportateurs de Fruits et Légumes)
Address
Av My Ismail – Dar Illigh, Imm. A5 - 209 - Cité Nahda - Agadir
Teléfono
(00 212) 28 84 88 64
E-mail info@apefel.com
Commission commercialisation: comm@apefel.com
Commission socio-économique: socioeco@apefel.com
Commission agro-technique: agrotech@apefel.com
Internet: www.apefel.com

- **Asociación de los Productores Exportadores de Hortalizas de Marruecos**

Association des Exportateurs de Maraîchage et Primeurs du Maroc (ASPEM)
Mission:
Looking for new markets and new customers importers
Missions Organize product promotion
Address
42, bd Emile Zola – Casablanca 20300
Teléfono (00 212) 22 30.15.1
Fax (00 212) 022 30 06 12
E-mail aspem@casanet.net.ma
Internet: http://users.casanet.net.ma/aspem/

- **Federación Industrias de Conserva de Productos Agrícolas (FICOPAM)**

Fédération des Industries de la Conserve de Produits Agricoles
Dirección
77, rue Med Smiha, 1èr étage- Casablanca
Phone: (00 212) 22 30 97 62 / 22 30 39 53
Fax (00 212) 22 30 35 34
E-mail ficopam@ficopam.ma
Internet www.ficopam.ma

- **Unión Nacional de Cooperativas Agrícolas de Marruecos**

Union National des Cooperatives Agricoles Marocaines (U.n.c.a.m)
Address
48, rue d'Alger 20000, Casablanca
Phone (00 212) 22 20 02 48 – (00 212) 22 27 13 18
Fax (00 212) 22 26 24 04
E-mail uncam@iam.net.ma

- **Federación Nacional de las Industrias de Pesca**

Fédération Nationale des Industries de la Pêche (FENIP)

Address
7 rue El Yarmouk-Longchamp - Casablanca
Phone (00 212) 22 36 57 43
Fax (00 212) 22 36 61 54
E-mail fenip@fenip.com
Internet
www.fenip.com

- **Federación Interprofesional de los Sectores Avícolas**

Fédération Interprofessionnelle des Secteurs Avicoles (FISA)
Address
123, Bd Emile Zola Casablanca 20300
Phone (00 212) 22 31 12 49 / (00 212) 22 54 24 88
Fax (00 212) 22 44 22 76
www.fisa.org.ma

List 3.Other institutions for commercial interest settled down in Morocco. Source: "The agriculture sector in Morocco. Rabat Office. 2011)

3.5 COMPETITIVE ANALYSIS

3.5.1 BENCHMARKING. PRIVATE LABS.

The entry of Lab in Morocco needs a previous study of potential competitors who might face.Thanks to globalization and the agreements between Morocco and Spain, many companies are entering the country and providing services to the growing food industry.

To carry out the work of benchmarking, we have studied the local laboratories that are similar in activity to Lab, as well as the Spanish laboratories, Lab direct competition, that have started to work in Morocco frequently.

3.5.2 LABORATORIES RECENT ENTRY IN MOROCCO:

AGQ lab.

Agronomical sector, SME the activity of the AGQ is control and nutritional monitoring and optimization of the processes of fertilization of citrus fruits, olives and vegetables, primarily. Regarding the food sector, the Group conducts audits of production processes and specialized consulting about product quality. The analys carried out provide insights into the nutritional composition of foods and the presence of pesticides and other contaminants. Finally, in the area of environment, the Group analyzes soil and water as well as environmental quality studies and proposals for decontamination.

Entry Mode:

Installing a laboratory after having consolidated its commercial presence. Located in the proximity of Casablanca, the new lab will enable the Group to consolidate its business in Morocco, a major potential export markets for agricultural products to the EU.

Investment: €1.11 million.

Financing: COFIDES / FONPYME

To finance the equipment and labware COFIDES has awarded a joint venture loan with the amount of 732,000 euros to AGQ Maroc, Moroccan subsidiary of the Group. The loan is distributed by 25% with COFIDES resources and 75% with FONPYME resources.

Start year of activity: 2011

(Source: News www.cofides.com)

<u>AgriQ Marocco</u>

AgriQ is a group of laboratories working in the Netherlands, Spain, Turkey, Kenya, Ecuador, Morocco and Thailand to prevent food waste problems through advice and regulation of its use in agriculture.

Entry Mode:

Sica AgriQ, one of its laboratories have created a sales branch in Casablanca and has planned to open two antennas, in the near future, in Agadir and Nador in order to strengthen partnerships with Moroccan and Spanish companies operating in horticulture.

The filial acts as agent and sample analyzes are performed in Almería.

Investment: 150,000 dirhams (13,636 euros)

Financing: Private. Own resources.

Business Start Year: 2011

(Source http://maes.blogfree.net)

3.5.3 LOCAL LABS.

Types:

► Laboratories for pesticide's analysis

Six laboratories of EACCE (Autonomous Establishment for Control and Coordination of Exports) carry out the official control of pesticide's analysis for exports of products of plant origin. Three of these laboratories (Casablanca, Agadir and Berkane) are accredited with ISO 17025 by the

COFRAC (French Accreditation Committee). The other three laboratories (Marrakech, Meknes and Larache) have not been accredited. They analyze 25% of samples of products that are exported. EACCE assures that these laboratories also work with ISO 17025 and they expect to be accredited in 2012.(EACCE, 2011)

► Analysis of private laboratories

These controls include the certification of GAP (Good Agricultural Practices) and the analysis of pesticide's residues. These tests are done in accredited laboratories within the EU. EACCE informed to an audit team of the European Commission that in the Agadir region, 77% of citrus and 54% of vegetables exports are analyzed in private laboratories of the EU.(European Commission, 2011)

Local laboratories are concentrated mostly around Casablanca.

A Laagrima
B. Qualilab international
C. CETIA
D. Mohamed V
E. LCA Maroc
F. Agriq Maroc

Graphic 4. Position of competitors in Casablanca (own elaboration)

3.5.4 INTERVIEW AND OUTCOMES

During the business trip to Marocco, we had the chance to visit and interview two of the potential direct competitors of Lab. One questionare was designed in order not to miss any relevant information.

The labs were very reluctant to show us theirfacilities, proceeding to hold the meeting in neutral places like hotels.

Lab representative conduct the script of the interview.

Interview laboratory.

Objective: Rescue information about their services and rates. Determine the skills they have in the food industry. Customer portfolio by type and size. Equipment rooms and product analysis study related to food products.

Script: We are a company specializing in covering the analytical needs of food businesses. We are aware of the required standards for food products that are exported to Europe, and we are accredited by .... Currently we serve Spanish food companies already installed in Morocco. Zones and Agadir Larache. (Important to say this. NOT going to steal customers.)

We are aware that the cost of collecting samples here in Morocco and sent to Spain for analysis is superior to that obtained with local laboratory processes.

Thus. Our intention is to establish partnerships with Moroccan laboratories for the exchange of best practices and advanced methodologies, in order to join forces and both parties can provide services more competitive in the international market.

We are talking to several laboratories in Casablanca extracted from pre-filter analysis compatibilities with us, and that is why we are here today, in their facilities.

We would like to see your facilities and services, if possible.

Business questions:

Our marketing strategy for the coming years is to continue to open market and affordable and competitive services at strategic points in other continents.

- Year of establishment. Laboratory size. People. Salas. Estimated number of tests per year

- You usually work with other national and international laboratories? You carry out? Own research projects or with other entities?

- Have you thought beyond the open market to cover Morocco? How to get to other areas, agro cribs, such as Turkey, Spain,...

- Can we get a catalogue and your price list?

- The technology we have is ... Where did you achieve this? Are there validated suppliers expendable supplies?

- Count on commercial areas? The companies for whom you are cooperatives, supermarkets, small and medium enterprises?.

Technical Questions (product and services):

- Types of analysis. Certifications. Additional Services.

Preferred research laboratories:

- Qualy lab

6, rue Ibn Al Jaouzi (former Colonel Gros), 20,360

Quartier des Hôpitaux Maroc Casablanca

info@qualilabinternational.com

TEL: 05 22 47 00 83/86

(Medical Laboratories and laboratory analysis of foods: analysis, training evaluations of food. Food Microbiology.

Fisicoquímica food (heavy metals, composition...). Regulatory analyzes for contaminants (plaguicidas. ..)).

After requesting appointments to key laboratories of Morocco, we achieved meetings with two of the most active in Agadir: Laboratory Laagrima and laboratory Qualylab. Both are located in Casablanca.The result of these meetings was satisfactory. Both laboratories showed interest in collaboration with the company Lab. In contrast to European laboratories, the Moroccans do not have a variety of services, but are focused on basic services for the analysis of pesticides. Even both have begun working with large European firms; the results are not satisfactory though.These are recent creation labs with very basic infrastructure. They do not develop their ownknowledge, but they have high relevant sector information.

Below are the key points of the report from the representant of Lab:

LAB LAAGRIMA

- Physicochemical and microbiological.
- Interview with the manager Dr. Said Benchekroun.
- Outsource the analysis of pesticides in soil, water, food, etc ... to a laboratory (Iproma)
- More than 300 samples / year. They are interested in the analysis of air filters (particles, VOCs, etc).
- It showed lot of interest for creating a chomatographic lab in its facilities with professional and register that service in Morocco. Invited to Lab to think about it.
- It is said that in Morocco there are grant funds for provision of equipment (20% subsidize the cost of the equipment).
- Work with major hotel brands and industries in the area.

LABORATORIO QUALILAB

• holding a meeting at a hotel in Casablanca near the laboratory.

• Interview developed Mounir Diouri (CEO). He is an expert in PCR techniques.

• His Lab engages primarily Microbiology.

• He showed interest in Lab and requests services budget analysis of pesticides in different matrices and mycotoxins.

• He is also very interested in creating a laboratory chromatography.

• This lab wants to keep future meetings for possible collaborations.

• They outsource laboratories like Ainia or Silliker for their reputation and the marketing they do. His clients will require subcontract renowned laboratories.
• Ainia does not give good service. He said that since he asks for quote until they send can spend 2 or 3 days and that is not very effective for him

3.5.5 POSITIONING ANALYSIS OF LABS IN MAROCCO

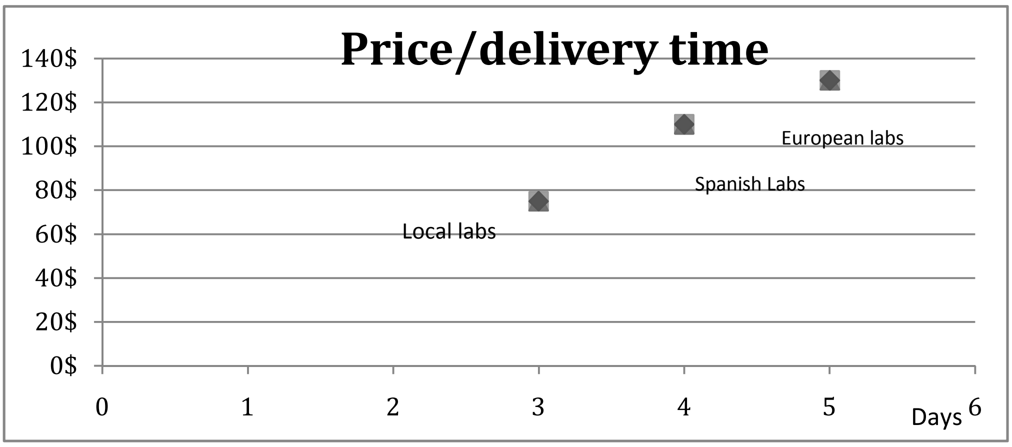
The table 5 compares type of labs regarding to the folowing division: Local labs, Spanish labs and European labs (mostly french and german).

Lab	Service	Final price	Example	Delivery time
Locals (Moroccan)	Pesticide analysis in fruits and vegetables	70-100€	Laagrima	3 days
Spanish	Pesticide analysis in fruits and vegetables	110-140€	Sica Agriq	3 -5 days
German/french	Pesticide analysis in fruits and vegetables	120€	LCA maroc	5 days or more

Table 5. Types of laboratories currently operating in Morocco. (own elaboration)

The graphic 5 shows the position of the laboratoiros coordinates on a map with average price of pesticide analysis in fruits and vegetables, and secondly delivery time analysis results to companies.

Labs positioning map

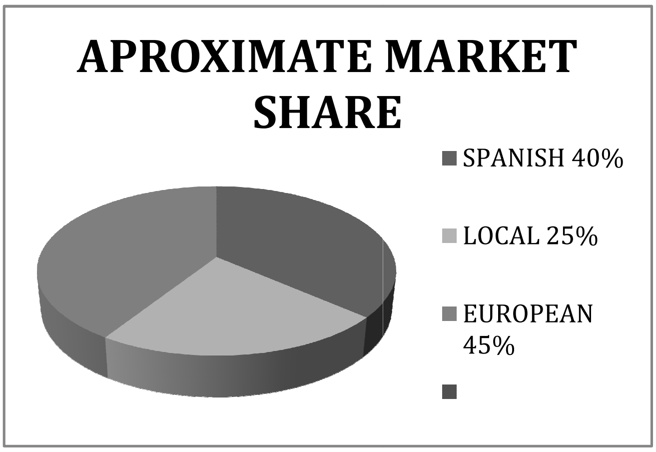


Graphic 5. Market position for local labs in Morocco.(own elaboration)

Market share competition

Graphic 6 shows the approximate distribution of the market share that Lab might face inMorocco

Graphic 6. Aproximate laboratories market share. Own elaboration.



As it has been made with potential customers of Lab, it has been made a study of the main laboratories currently operating in Morocco. Here, there is a list of those with similar servicies for agro-business companies.

3.5.6 LIST OF MAIN LABORATORIES IN MOROCCO

4 **AGQ – Marruecos**
Zone Industrielle Sud Ouest, nº 152. 4 ème etage.
Mohammedia. Maroc
PHONE [+212] 523314926
Email:_ maroc@agq.com.es
618534485
Lab manager: José Antonio Moreno
http://www.agq.com.es/laboratorios-marruecos

5 **AgriQ Marruecos**
44, Avenue des FAR, 5 ème étage. Casablanca. Maroc
http://www.agriqmaroc.com/
PHONE: +212 674 258 382
Email: agriqmaroc@agriqmaroc.com

6 **Laboratoire laagrima**
Address: 31, Bd Mohamed V Casablanca - 20000
Email: laagrima@menara.ma
Phone: 0522 48 40 98
Fax: 0522 29 84 19
Lab manager: Soufia Benabdelkrim Enfila

7 **L.o.a.r.c.**
Official lab for chemical researching
M. Larbi Hachimi
25, rue nichakra nahal. Casablanca. +212 (0) 5 22 30 20 07/+212 (0) 5 22 30 19 72
www.loarc.orgloarc@casanet.net.ma
Establishment of analytical chemistry for quality control and compliance of foodstuffs

8 **S.g.s. Maroc s.a.**
71 Avenue des F.A.R Casablanca 20000Morocco
+212 (0)5 22 30 74 91 /(0) 5 22 31 69 90.
www.sgs.comsgs.maroc@sgs.com
Lab manager: M. Francisco Vaamonde
Quality control and industrial minerals amount of oil and food consumer goods

9 **CETIA. Centre Technique des Industries Agroalimentares**
Complexe des centres techniques (Bât E) Route BO 50, BP 54,
Ouled Haddou Sidi Maârouf – Casablanca
Tél.: 05.22.32.13.79 / 58.02.61 – Fax: 05.22.58.02.62
Email: info@cetia.mawww.cetia.ma
Laboratory. Physico-chemical analysis | Microbiology Lab | Sensory Evaluation Laboratory
Partner. Ainia Spain http://www.ainia.es/web/acerca-de-ainia

10 **Laboratoire Mohamed V**
23 Rue Nolly 20000 Casablanca

+212(0) 5 22 22 05 32 / (0) 5 22 22 05 32
Lab manager: Mme Sakina Hamzi.
labomed5@menara.ma
Medical Laboratories and laboratory analysis of foods: analysis, training and evaluation of food

11 **QualyLab Internaciona**6, rue Ibn Al Jaouzi (ex Colonel Gros), 20360 Quartier des Hôpitaux Casablanca Maroc info@qualilabinternational.com
05 22 47 00 83/86
Food Microbiology. Physical chemistry of foods (heavy metals, composition...). Regulator analyzed for contaminants (plaguicidas...).

12 **Agro Analyses Maroc (aam)**
19 rue Zyaydah, Aviation 10180 RABAT.
TEL05 37 75 40 80 Fax: 05 37 75 95 00
aam@menara.ma

13 **LCA MAROC**
19,Rue des Rossignols (Oasis) – 20100 Casablanca
Tel: 0522996002-3
info@lca-maroc.com
Laboratoire: Mme SALLAKI Tel. 022996002
Analysis of the culture media: soils and substrates and fertilization advice. Analysis of agricultural water: physical, chemical and bacteriological. Analysis of organic products: mud and sediment. Environmental Analysis.

14 **Laboratorie Charles Nicolle**
21, place Souleimane El Farani, résid. Pasteur, 2°ét. - 20100 Casablanca
lcnesa@menara.ma
Analysis sanitary hygienic food

15 **LABORATOIRE MAROCAIN D'AGRICULTURE (LABOMAG**)
Km 10.500 Route de Zenata, Rue ''J'' n°1 Ain Sebaa Casablanca .
PHONE: 0522344961
Lab manager: M. Jean Marie Coquant
Labomag1@menara.ma
Analysis of soil, water, plants, pesticide residues and microbiological. Studies of soil, irrigation and landscape irrigacion.

List 4. Main laboratories operating in Morocco. Source Icex 2011

3.6. OTHER INSTITUTIONS FOR POLITICAL, CULTURAL OR COMMERCIAL INTEREST.

16 Instituto Nacional de Investigación Agrícola.

The National Agricultural Research Institute "INRA" conducts agricultural research for development. This is a public institution whose origin goes back to 1914 with the creation of the first official agricultural research services. It has recently undergone a structural reorganization to modernize their business processes.

INRA operates through ten regional agricultural research centers and 23 research stations spread over the country. To reach its mission and be updated with the latest scientific data, INRA maintains collaborative relationships with national and international development organizations, private and public sector.

17 Centre Régional de la Recherche Agronomique d'Agadir

Avenue des FAR INEZGANE Maroc
B.P. 124 Inezgane - Agadir Maroc
Phone: +212 528 240326 / 528 240801
Fax: +212 528 242352
E.mail: aitlhaj@inra.org.ma
Web: http://www.inra.org.ma
AIT LHAJ Abderrahmane
Manager

18 Agricultural and Veterinary Institute Hassan II- Agadir

The Agricultural and Veterinary Institute Hassan II (IAV), under the Ministry of Agriculture and Rural Development has had an exceptional development. It is dedicated to the training of engineers and has agreements with international markets.http://www.iav.ac.ma

19 Université Ibn Zohr d'Agadir y Université Mohamed V de Rabat: They do not offer services to the public but they carry out research projects.http://www.esta.ac.ma

List 5. Other institutions for political, cultural or commercial interes.Own elaboration.

3.7PORTER FIVE FORCES ANALYSIS

If we consider the five competitive forces outlined by Porter (1984), potential competitors must overcome strong local development barriers to consolidate their own market. Such barriers include the limited and relative experience and expertise of its staff, little know-how, and the preference of companies to European laboratories.

The agri-food sector in Morocco analysis can be considered an attractive sector for foreign companies, considering the few companies that make up and the ability to differentiate the product. The current rate of market growth is high. Local laboratories do not hide their interest in collaborating with foreign companies in order to complement and professionalized services.

If the food market is growing at a much faster rate than the service providers, it is expected that the rivalry between competitors is very low and insufficient, and the productive capacity of each to cover the market. Nevertheless, it may happen that even lower growth rates were achieved suppliers meet demand growth; this is an aspect that should be followed closely by the implications of the objectives and strategies proposed. As for substitutes it is clear that there are several organizations, no private that offer a service that can substitute the Lab in Morocco. Still, to study the possible substitutes Lab service provided, it was found that they are scarce due to its special features, its high degree of differentiation and elasticity regarding the experience and knowledge.

The negotiating power of customers is high. Keeping a long lasting relationship in time between Lab and its customers, companies can choose to push Lab with prices and times. The rapid entry of European laboratiros as Lab in Morocco, causing their negotiating power may be raised high.

4. SWOT ANALYSIS:

This SWOT analysis represents the company's current situation against the Moroccan market:

WEAKNESSES	***STRENGHTS***
● Lack of customer base in Moroccan market. ● Financing is limited in the next 1-2 years. ● Relatively high fixed costs. ● To implement more equipment would require a large investment. ● Internal Management programme could be improved. ● Lack of decision making in strategy decisions and this process is usually long. ● Possible lack of staff willing to go abroad; possible lack of qualified staff there. ● Great lack of information about production areas, competitors, legal requirements, regulation on pesticides, etc of Morocco. ● Ignorance about the legal security level, banking systems, exchange rates, etc. ● Low level of languages among the staff.	● Quality of service at a competitive price. ● Wide range of services. ● Wide and stable customer base (Spain). ● Good economic situation of the company. ● High satisfaction among customers. ● Good network of contacts. Relationship with the Analytical Chemistry Research Group of pollutants of the University of Almería. ● Young and highly qualified staff. ● High involvement of the staff. ● One of the Top 10 companies accredited in Spain (pesticides and environment). ● Well-equipped laboratory. ● Capacity for development of new methods very quickly. ● Unique skills in R+D. ● Relatively low variable costs.
THREATS	***OPPORTUNITIES***
● Intense local and national competitors. Their strategy is mainly based on price. ● Problems of logistics and investment to start up a business abroad. ● Decrease on the use of pesticides. ● Seasonality of the production of fruits and vegetables. ● Strong organizational culture, possible cultural shock. ● High customers purchasing power	● Increase on the production of fruits and vegetables in Morocco.. ● Environment area with high potential. ● In some areas of Morocco there is little competition and they lack accreditation. ● Favourable environment for R+D. ● Favourable targets of the Government: Aggregation system ● Local labs willing to collaborate and be partners. ● good relation between Spain and Morocco ● Good reputation of European Brands ● In some areas of Morocco there is little competition and they lack accreditation. ● Favourable environment for R+D.

Graphic 7. SWOT analysis(own elaboration)

After defining the strengths and weaknesses of the company, as well as threats and opportunities that the Moroccan market may present, we should define now which position the company Lab should get in the relevant market, and thus to design the strategy and define the plan entry into the country.

5. STRATEGIC PLAN TO PENETRATE INTO MOROCCAN MARKET

5.1. PLAN OBJECTIVES

1. Reaching a market position in Moroccan industry as **aEuropeanbrand** for agrobusiness companies. Flexible, commited lab that **developes its own knowledge.**
2. Reaching a market share of 10% in Souss Massa Drâa (363 active cooperatives) during the first year.

5.2. STRATEGIC DEVELOPMENT

5.2.1. POSITIONING STRATEGY

DIFERENCES AGAINST OUR COMPETITORS

Before defining wich position Lab should take in the Moroccan market, let us remind here what Lab makes to be different from the competitors.

→ We are a specialized company in offereing analytical full services for agro-business sector.

→ We are a company born from researching work.

→ We are a dynamic, constantly evolving, thanks to the development of knowledge.

→ We are an independent and flexible company able to suit the market needs and propose solutions.

→We have long experience in the Spanish market, and expert certification for export to Europe.

→ Experienced in trade relations with unions and business groups.

→ Catalog with a variety of services.

→ High quality and competitive price.

SUGGESTED STRATEGIC POSITIONING FOR LAB IN MAROCCO

As it has been commented in 3.4, there many Spanish companies settled down in Moroccan agricultural sector dedicated to produce, transform and export agro-prodcuts. The success of an investmen in Morocco doesnot depend on the amount of money, but the market conditions and prodedures of that. The position of the company is a key factor in the value chain of agrobusiness Moroccan sector.

Recall here what a positioning strategy is:

A basic strategy of positioning a product is called "competitive advantage", which is an advantage over competitors who are offering to consumers lower prices or providing more benefits that justify higher prices. (Jack Trout).
Remember also what Moroccan companies are looking for:

→Trust and preference for European brand reputation

→Quick delivery for analysis outcomes

→Looking for the best price

→Long and loyal relations

→Open to new possibilities and improvements in order to make the product more valuable in the European market

SUGGESTED STRATEGIC MARKET POSITION FOR LAB IN MAROCCO

- "Lab is Europeanlaboratorythat offersa variedcatalogservices toagribusiness companiesthat export their productsand want toreach international markets"
- “Lab is fast in giving integral solutions to Agrobusiness industry thanks to its cutting edge technology, qualified staff and its own business model: flexible and independent”
- “Lab is a customer oriented company. They are commited to innovate and to offer the higest quality services”

Lab is the most flexible and committed european expert brand in Agrobusiness analysis.

For differentes targets:

Local labs: Lab is your European partner, which developes its own researching: knowledge transfering
Spanish companies: Lab is a trust Spanish brand operating in Morocco and able to be your specialist suplier
Researching institutions: Lab is idela partner to undergo collective researching projects within the Green Morocann plan.

ACTIONS

ACTIONS	1st OBJECTIVE POSITIONING DESIRE	2nd OBJECTIVE 10% MARKET SHARING
BRANDING		
Communication- adaptation new market		
- Website translated in french	X	X
- New services catalogue	X	X
- Redesigning new product profiles	X	X
- New packaging and labels for picking up samples	X	X
Press- Media - Specialized articles and adds - Local and regional press publicity	X	
PUBLIC RELATIONS		
- Trade fairs: Sifel and Siam	X	X
- Congresses – seminars	X	
Collaboration agreents with local universities, R&D and Innovation institutions, knowledge entities…	X	
- Building networking with politics, cultural agents, investors, decission makers…	x	X
SALES REPRESENTATION		
- New sales script		X
- Customers strategy and acting protocol		X
- Sales targets		x
- Promotional discounts		x
- Free services		x
- Loyalty program	x	x
- Designing and implementation of an intranet between cus and the company		x

Table 6. General actions plan for the entry en Marocco. Own elaboration.

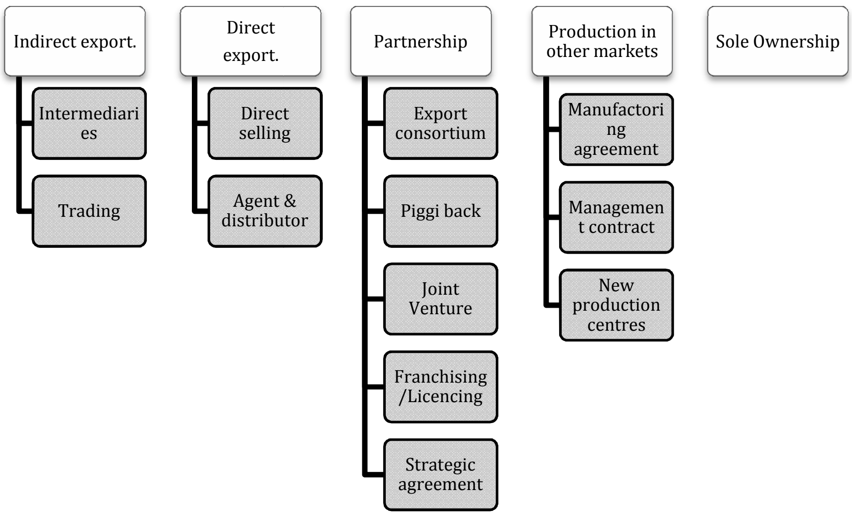
5.2.2. ENTRY MODES

ANALYSIS OF ENTRY MODES: RESOURCES NEEDED, BUDGET, TIMING, POSITIVE AND NEGATIVE POINTS.

There are different entry modes to enter into Moroccan market. As it is recommended by different international studies, it is advisable to go hand in hand with a local partner, either through the creation of joint venture or collaboration agreement.

Although, there is freedom to operate within the country as a foreign company (a company can be created with 100% foreign capital), it is safer to have a manager in the field that could help the company at first, before installing dependencies there. For Lab, with all the technical stuff needed for its services development, higher fixed costs, it is recommended an inclusion slower, but steady and stable.

The study of the entry of its competitors in Spain has not revealed a unique pattern to follow, because the two companies that are already in Morocco (ACQ and Sica AgriQ) have developed different strategies. Let have a look at the most popular entry modes used by companies around the world.



Graphic 8. Most popular entry modes used by companies. *Own elaboration*

Let us analyze then every strategy and we will emphasize the advantages and disadvantages compared to the situation of Lab as a service company.

Entry forms, in fact, could be covered by three alternatives: exports (which may be direct or indirect), strategic partnerships and production in foreign markets.

ENTRY MODES TABLE (DESCRIPCIÓN, ADVANTAGES AND DISADVANTAGES)

Characteristics of Foreign Entry Options of the Service Sector

Entry mode	*Involvement/control*	*Cost*	*Dissemination risk*	*Returns*
Licensing/franchising	1 (lowest)	Low	High	Low
Exporting (indirect, agent, distributor)	2	Low	Low	Low
Management contract	3	Low	Moderate	Low
Joint venture	4	Moderate	Moderate	Moderate
Sole ownership	5 (highest)	High	Low	High

Table 7. Characteristics of Foreign Entry Options of the Service Sector. Source: Ekeledo, Sivakumar / FOREIGN MARKET ENTRY MODE 279Journal of the Academy of Marketing Science1998; 26; 274

At this point, there is enough information of the market, and normal entry modes addressed by services companies as well.

It is analysed now the advantages and disadvantages of using any of the entry modes categorised in three alternatives, that Jorge Arenas Gaitán y Rosario García Cruz, University of Seville.

RULES FOR DECIDING THE ENTRY MODE

It may be noted three different decision rules that managers can follow to select the mode of foreign market entry. These rules can be distinguished by their degree of sophistication:

- Easy rule: always use the same input mode for all markets.

- The rule of thumb: use an input mode that works well enough for each market performance.

- Strategic rule: use the most appropriate entry mode possible depending on the characteristics of the company and each of its markets.

TYPES

→EXPORTACIÓN- CANAL VENTA DIRECTA DE SERVICIOS

This is the entry strategy used by big companies. Those, that have the financial and human resources to undertake a direct and quicker entry into the market-country.

Advantages:

-High business profit margin

- Direct relation with the market and consumers (feed back)
- Greater degree of control over all aspects of the transaction and export process
- The company knows who the customers are
- Customers can feel more secure in doing business directly with Lab
- Direct trade Management
- Great control about the sales performance
- Slightly better protection for your trademarks, patents and copyrights
- Company presentation as fully committed and engaged in the export process
- Better understanding of the marketplace.
- Greater flexibility to improve or redirect your marketing efforts.

Disadvantages

- It takes more time, energy and money than the company may be able to afford.
- It requires more "people power" to cultivate a customer base.
- Servicing the business will demand more responsibility from every level of your organization.
- The company may not be able to respond to customer communications as quickly as a local agent can.
- The company has to handle all the logistics of the transaction.
- As Lab has technological servicies, they must be prepared to respond to technical questions, and to provide on-site start-up training and ongoing support services.

Talking about the company Lab, it has been designed a process in order to get a better understanding about how it would be the selling flow from Almería to Agadir.

Process

The graphic 9 shows the process time estimated for the provision of services in Morocco.

Direct channel to potential customers

It is important to attend trade protocols that should be carried out during the sale.

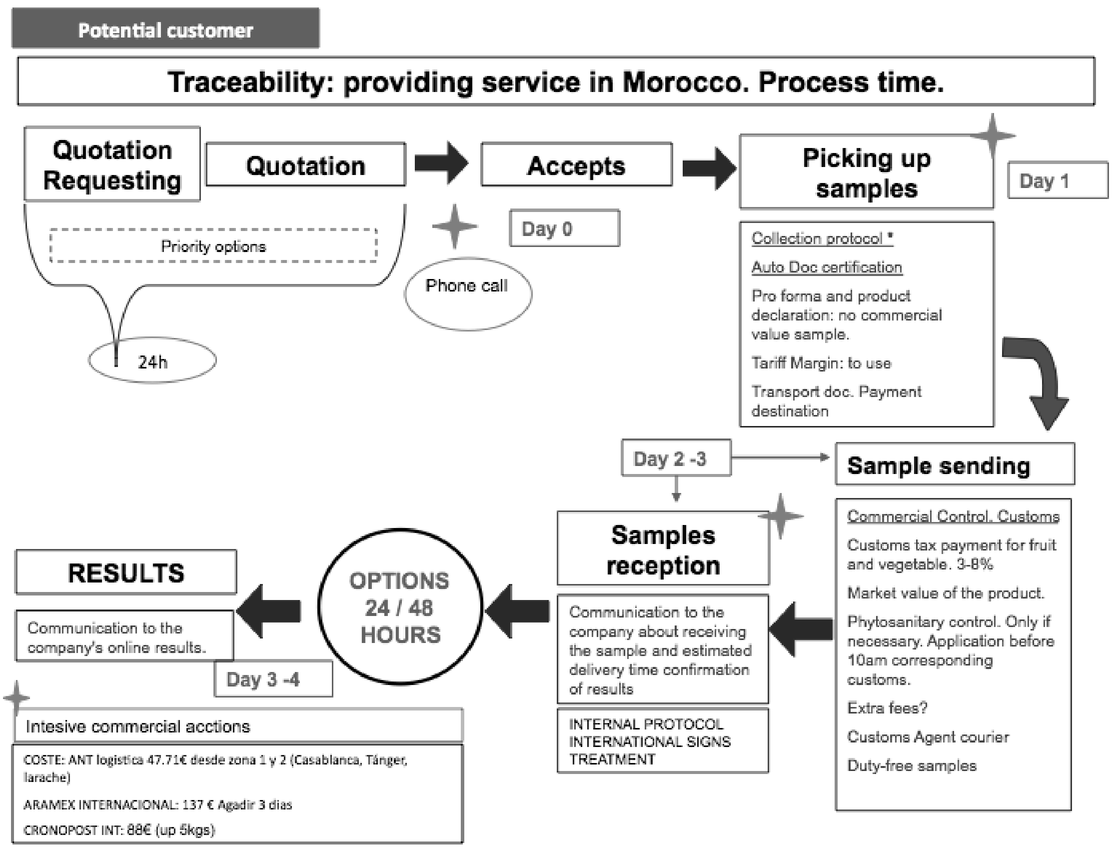
• Protocol Marketing: commercial call to the target companies to push its purchase and get feedback and impressions. How I can improve the supply?

• Protocol for samples shipping tracking; Traffic control and facing possible disadvantages. What should I take into account during this phase?

• Protocol for recibing sample and cmmunicating results

• Internal protocol for international sample treatment; Should it be considered as a priority?

This process shows a rough design of the overall channel sampling, reception and communication of results. It would be advisable, design alternatives as collaborations with local laboratories for grinding and / or in situ analysis. Also it is important to take into account a margin of error of one or two days when this process starts.



Graphic 9. Process “providing service in Morocco.

ACTIONS AND RESOURCES

ACTIONS& RESOURCES
TRADE AND COMMERCIAL ACTIONS
- Potential customer database
- Participating in trade fairs
- Building networking in the industry
- Commercial strategy: New sales script, sales target...
BRANDING & MARKETING
- Website and services catalogue edited in french
- Pricing. New offers, fares, client promotions, loyalty programme...
- Redesign product profiles
- New packaging and labels for samples picking up
Press- Media - Specialized articles and adds - Local and regional press publicity
PUBLIC RELATIONS
- Trade fairs
- Attend or participate congresses – seminars
- Collaboration agreeents with local universities, R&D and Innovation institutions, knowledge entities…
- Building networking with politics,cultural agents, investors, decission makers…
OPERATING PROCESS
- Agreement with delivery agencies
- Tariffs knowledge (taxes and contacts)
- Operating protocols

Table 8. Action plan for direct export entry mode. Own elaboration.

#Budjet

Here there is a Hipothetical budget for 1 year of operations with direct trading.

Concept	Units	Cost	Total
Sales representative (2 languages)	1 (12 months)	1200 + commisions	14.400€
Samples picking up and delivery	100 samples/year	88€*	8.800€
Customs costs	100 samples/year	4,4€ (5%)	440€
Marketing (translations, new material)		1500€	1500€
		TOTAL	**25.140€**

Table 9. Approximate budget for direct export 1st year. Own elaboration.

* 88€ (up 5kgs) is the cheapest offer from the delivery agencies: Cronopost company.

→STRATEGIC ALLIANCE WITH LOCAL PARTNERS (I+D agreements, Licensing/franchising)

This delegates financial risks to the dealer, so the producer is substantially free of obstacles and risks of negotiating sales. But the drawback is a screen between the customers and the manufacturer and dealer's hands delegate pricing, choice of buyers, sales promotion and customer service.

Advantages

- Get instant market access, or at least speed your entry into a new market
- The company can get updated information from the local market
- Exploit new opportunities to strengthen your position in a market where you already have a foothold
- Gain new skills and technology
- Develop new products at a profit
- Share fixed costs and resources
- Enlarge your distribution channels
- Broaden your business and political contact base
- Gain greater knowledge of international customs and culture
- Enhance your image in the world marketplace

Disadvantages

- Weaker management involvement or less equity stake
- Fear of market insulation due to local partner's presence
- Low margin benefits
- There is not financial risk but there is an operational risk, for example quality errors that can damage Brand reputation
- Risk of model copy. New competitors might appear
- Less efficient communication
- Poor resource allocation
- Difficult to keep objectives on target over time
- Loss of control over such important issues as product quality, operating costs, employees, etc.

ACTIONS & RESOURCES

ACTIONS& RESOURCES
PREVIOUS ACTIONS
- Study of agents of interest (trade fairs, benchmarking, etc..)
- Study of every type of collaboration and decide the best option for Lab
- Interview with every potential company
- Building networking in the industry
COLLABORATIONPROCESS
- Making decission for selection for local or international company
- Selection of type of agreement
- Business development plan
- Resources organization (financial, human, producction...)
OPERATING PROCESS
- Marketing plan
- Operational plan
- Financial and investment plan

Table 10. Action plan for Strategic allance entry mode. Own elaboration.

Concept	Units	Cost	Total
Sales representative (2 languages)	1 (12 months)	1200€ + commisions	14.400€
Marketing (translations, new material)		800€	800€
Flights – accommodation - extras	4 times	1000e	4000€
Trade fair: sifel and siam	2 times	7000€	14.000€
		TOTAL	**33.200€**

Table 11. Approximate budget for Strategic allance entry mode. Own elaboration

→PRODUCCTION – LOCAL INVESTMENT (new company or aquisition)

This is the way in wich the company assume the highest risk talking about resources and its control.

Advantages

- Freedom for facing competitive market
- Posibility of investment in new and cutting age technology
- Avoiding initial problems that the original company had
- Indepedence of movements o the market
- Attractive tax incentives
- Labor costs are eight times lower than in Spain
- Grants for the training and recruitment of employees

- Good location: 24 integrated industrial parks
- Public finnacial support for spanish companies aimed to settle down in other countrie

Disadvantages

- High investment of resources at the beginning
- High risk of failure
- Legal, cultural and political entry barries

ACTIONS & RESOURCES

ACTIONS & RESOURCES
PREVIOUS ACTIONS
- Deep study of the market place and internal analisys of the company
- Business plan (objectives, strategy, acction plan...)
- Finding financial supporting (see attached documenation)
- Building networking in the industry (political, cultural, economic contacts)
- Potencial customer database for trade acctions
LOCATION AND EQUIPMENT
- Selecction of the place for the new location
- Negoziation with suppliers
- Acquisition of new lab equipment (rented or purchased)
- Business development plan
- Resources reorganization (financial, human, producction...) with Almería Lab
OPERATING PROCESS (Undertaking)
- Marketing and commercial plan
- Operational plan
- Financial and investment plan

Table 12. Action plan for local investment entry mode. Own elaboration.

Concept	Units	Cost	Total
Sales representative (2 languages)	1 (12 months)	10 + commisions	14.400€
Trade fairs: sifel and siam	2 times	7000€	14000€
Marketing (translations, new material)		1200€	1200€
Rent of new office 126m²	12 months	600	7200€
New lab equipment			
Hiring lab professionals	12 months/ 3 people	1500€	54000€
Other expenditures	12 months	1000€	12000€
		TOTAL	**113.600€**

Table 13. Approximate budget for local investment entry mode. Own elaboratio

6. CONCLUSIONS AND NOTES

This study was undertaken during my internship in the company Lab SL in 2012. From the beginning, my main aim was consucting a deep study of the moroccan market and design a useful strategic plan for its implementation by the company the following year.

However, I have not included economic data and other reports on this projects because it is confidential business information. More realistic budgets and extended actions plans were developed during the internship. I am very glad that nowadays the company is starting its plan for reaching the Moroccan market. That means that this work will not be inside a desk drawer, but in the hands of the team responsible for Morocco.

Main conclusions:

→ Companies interested in penetrating the Moroccan market should undertake a quick plan and strategy. The market has grown steadily over the last years.

→ It is advisable to have a local partner who knows about the market, suppliers, producction laws, financial affairs, investment support, and customers as well.

→ Moroccan customers are looking for European brands to add prestigious to their deliveries.

→ Loyalty and long relations is the key in doing business with Moroccan companies.

→ Weak Moroccan competitors, but very open to collaborations.

→ Many financial optionsfrom the Government to support foreign companies investments.

After doing this study, my recomendation for Lab is to reach the Moroccan market definitely, due to the advantages and positive results that the company can get in a short future time.

Regarding to the entry mode, i must say that working with a partner for the first years of operations of Lab, it would be favorable for the comapny performance to have alliance with other laboratories. Lab might have the chance to get knowledge from the market little by little, and to catch partner’s customers as well.

As it is said in the market research developed, both laboratories interviewed were willing to start collaborating with Lab in the future. This is one of the safest and less risky way to grow in another country.

In any cases, the company managemet board will make the final decission.

7. REFERENCES: GRAPHICS, TABLES AND LIST

Graphics:

Tables

Lists

8. REFERENCES: BIBLIOGRAPHY

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