

Regoverning Markets

Small-scale producers in modern agrifood markets

Innovative Practice

Morocco

Key factors relating to the integration of small- and medium-sized Moroccan olive oil producers into modern markets – Case studies of two successful producers

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**Key factors relating to the integration of small and medium-sized Moroccan olive oil producers into the modern markets:
Case studies of two successful producers**

Regoverning Markets Team

Morocco

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Regoverning Markets

Regoverning Markets is a multi-partner collaborative research programme analysing the growing concentration in the processing and retail sectors of national and regional agrifood systems and its impacts on rural livelihoods and communities in middle- and low-income countries. The aim of the programme is to provide strategic advice and guidance to the public sector, agrifood chain actors, civil society organizations and development agencies on approaches that can anticipate and manage the impacts of the dynamic changes in local and regional markets.

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1 Introduction

The aim of this report is to present an analysis of two case studies of small- and medium-sized producers seeking to participate in the large-scale retail markets. We decided that the following questions needed to be asked:

- How do small- and medium-sized olive oil producers operate?
- What efforts have these producers made to penetrate large-scale retail markets?
- What costs have they incurred in this process?
- Are the efforts they have made sufficient to overcome the difficulties of getting into these markets?
- Are there any alternative market outlets for these producers?
- Does the way in which they are organized facilitate their integration in modern markets?

1.1 Methodology

1.1.1 How the study was carried out

In this section we describe the methodology followed during the study. Before starting our research with small- and medium-sized producers, we thought it was important to interview people in various bodies involved in the olive oil sector:

- **State bodies:** ODECO, MCIMNE, DPV, DPAs of Meknès, Chefchaoun and Tétouan, DPAE, INRA, IAV Hassan II, ENA and DERD.
- **International bodies:** United States Agency for International Development (USAID), Institut de Recherche pour le Développement (IRD).
- **Olive oil producers:** Société Bouayad et fils, Coopérative APIA, Lesieur Cristal, Les Conserveries de Meknès.
- **Professional bodies:** ADEHO, l'Agropole de Meknès, AMAPPE, Union pour le développement de l'olivier de Meknès (UDOM).
- **Semi-public bodies:** EACCE, Crédit Agricole du Maroc.

In addition, we took part in several seminars and meetings:

- 'Good practice in the production of olive oil', organized by ENA, September 2006.
- 'Producers' participation in modern markets', organized by the international project Regoverning Markets, March 2007.
- Second International Olive Oil Forum, organized by Crédit Agricole, March 2007.
- Meknès International Agriculture Trade Fair (SIAGRIM), April 2007.

Participation in these events gave us a clearer picture of the current situation regarding the olive oil sector value chain, especially Morocco's domestic market for olive oil. Moreover, it enabled us to identify a small segment of producers that stand

out for both the ‘intrinsic’ and the ‘extrinsic’ quality of their products. After looking into these various small- and medium-sized olive oil producers (Les Délices du Saiss, Olivinset, GIE ‘Femmes du Rif’, Coopérative APIA, Société H.T.O., Société Star Olive, etc.), we carried out a study on two representative cases that met the criteria established on the basis of our three working hypotheses:

Hypothesis 1: The terms and conditions imposed by the large-scale retailers represent a major barrier for small- and medium-sized olive producers seeking to be integrated into these markets.

Hypothesis 2: If small- and medium-sized olive oil producers are grouped in a formal organization they are likely to find it easier to access modern markets.

Hypothesis 3: Exporting is an alternative for small- and medium-sized olive oil producers.

Table 1.1 sets out the criteria on the basis of which the two cases were selected.

Table 1.1: Main criteria for choice of small and medium-sized producers as case studies

Criteria	STAR OLIVE	FEMMES DU RIF
Main activity	Production, processing and marketing of olive oil	Production, processing and marketing of olive oil
Type of organization	Individual producer	‘Economic interest group’ (partnership business group)
Integrated into modern markets?	Yes	Yes
Attempted to integrate into large-scale retail sector?	Yes	Yes
Integrated into large-scale retail sector?	Yes (weak presence)	No
Exporting?	Yes	Yes

Source: compiled by authors

In both cases selected, olive oil production is their main activity, even though they are different types of organization: one is an ‘individual producer’ and the other a ‘group of small producers’. Both are interested in getting into the domestic modern market and have made attempts to penetrate the national large-scale retail sector. Both export their products. However, there is an obvious difference in the way they carry out their marketing, and it was on account of this difference that the two cases were chosen for this study.

1.1.2 Means of gathering information

The means by which information was gathered during both case studies was an interview model designed for interviewing leaders of businesses. This model

contains more open-ended than closed questions, to allow the interviewees to express themselves freely and to elaborate on their views of certain aspects that they believe to be essential. In the context of our set of hypotheses regarding small- and medium-sized producers, and in order to have an overall perspective, several meetings were organized with the senior staff and their teams at both Star Olive and Femmes du Rif.

In the case of Femmes du Rif, four senior people were interviewed:

- the (female) president;
- the (female) manager;
- the group's technical adviser; and
- the United Nations Industrial Development Organization (UNIDO) and MCIMNE co-ordinator.

In the case of Star Olive, three senior people were interviewed:

- the (female) director;
- the (female) assistant director; and
- the USAID official concerned with the olive oil value chain.

We prepared adapted versions of the standard interview model for all these interviews, which lasted between two and four hours each.

The detailed case studies are presented below. The results of our analysis of the two cases are summed up in the conclusions to these case studies.

1.2 Conclusion

Two case studies of Moroccan olive oil producers were analysed: one relates to a 'groupement d'intérêt - GIE' (economic interest group), or partnership business, operating at provincial level in Chefchaouen and the other to a limited company operating at regional level in Saiss. The aim was to discover what efforts have been made by each of these two producers with a view to penetrating modern markets; in particular the large-scale retail chains. In order to get a clear overall picture of these efforts, we first of all examined these two types of producers; the way they operated, their particular characteristics and their marketing strategies. We evaluated their efforts by applying the concept of 'upgrading costs', which gave us a clear picture of how far these producers had succeeded in becoming integrated in each of the marketing networks that they had targeted.

An estimate of these costs in relation to the opportunities offered by each network enabled us to identify the most appropriate market to target. However, the fact that

these networks can evolve geographically and over time can upset the choice of one over another.

What this research has found is that the difficulties experienced by Star Olive in penetrating large-scale retail markets derive from differences between themselves and the supermarket chains over pricing. It is true that requirements laid down by the supermarkets are stringent; however, Star Olive is capable of meeting them. By contrast with this company, the experiences of Femmes du Rif in trying to get into the mass retailing market with their own brand 'Farida' have been fraught with problems. Meeting the conditions requires financial resources and logistics capacity that Femmes du Rif just does not have. Nevertheless, thanks to the group's business structure it has been able to access the international market under the 'fair trade' banner. This has also effectively opened the way into the domestic supermarket sector, and a three-month marketing trial has recently been started with a number of outlets belonging to the Marjane, Acima and Label'Vie chains.

Exporting represents a wise choice on the part of these two producers, despite the costs involved, given the scale of the demand for extra-virgin olive oil at international level.

Our analysis demonstrates that despite being still young businesses, Femmes du Rif and Star Olive have made reasonably successful progress at both national and international level. This is due to a number of factors, as shown in Table 1.2 overleaf.

Table 1.2: Key success factors for Star Olive and Femmes du Rif

	Key success factors	
Star Olive		Femmes du Rif
Meets traceability requirements	Organizational factors	Due regard paid to internal controls
Modern extraction procedure	Technological factors	Modern extraction procedure
Extra-virgin olive oil	Product quality	Extra-virgin olive oil certified as organic by Ecocert
Image-enhancing packaging; product diversification – ‘Terroirs de Saiss’ and ‘Kirana’	Marketing strategies	Adoption of brand name ‘Farida’; improvements to packaging
Technical support from USAID and UDOM	Support from national and international non-governmental organizations (NGOs)	Unconditional financial and technical support from UNIDO, Agencia Española de Cooperación Internacional (AECI) and AMAPPE
Staff with management and marketing skills	Human resources	Confidence in the president
Participation in retail networks		Participation in retail networks
National supermarket chains (Franprix, Supermarché Souissi); US market		National supermarket chains (Marjane, Acima, Label’Vie), French supermarket chains (Carrefour, E. Leclerc, etc.) with fair trade certification (Alter Eco); local selling

The two case studies are different examples of small- and medium-sized olive oil producers that have successfully gained access to domestic supermarket chains. However, this success remains relative and above all subject to conditions. In fact, Star Olive has managed to get its products into only two medium-sized supermarkets (which are less demanding than the major supermarket chains). In the case of Femmes du Rif, it appears that despite its commendable efforts, in relation to the quality and quantity of its product and to its marketing strategy, it is the well-known Alter Eco fair trade organization, with its considerable technical and financial means, which has enabled the group’s product to reach the shelves of national supermarket chains.

2 CASE STUDY A: A group of small producers – GIE Femmes du Rif

2.1 Introduction

Chefchaouen province is well known for its production of olive oil, which accounts for 15 per cent of total national output. The areas in which olive oil is produced includes Ain Béida, whose output is estimated at 2,000 tonnes, Brikcha (3,290 tonnes), Mokrissat (1,790 tonnes) and Zoumi (2,120 tonnes). Women in Chefchaouen province, before the creation of 'Fédolive' (see below), used the traditional *mâasras* method of crushing the olives, which resulted in large losses of oil and affected the oil's quality. In fact, the product was 'lampante oil', unfit for consumption, with an acidity level of over 3 per cent. The crushing season lasted seven months, from November to May, and a large proportion of the output was reserved for own use. The women sold the remainder at relatively low prices – 20–25 dihrans (DH) per litre – in recycled cans in the weekly souks at Ain Béida, Mokrissat and Brikcha.

In order to solve their problems the Programme Intégré et Modulaire du Maroc¹ (PIM) set up the Fédération des coopératives et des associations féminines pour la production et la commercialisation de l'huile d'olive (Fédolive), which subsequently became a 'groupement d'intérêt économique' (GIE), or partnership business group – GIE Femmes du Rif.

At present, this group consists of ten cooperatives or associations, with members totalling 300 women. Their olive groves cover a total of 400 hectares and they market their extra-virgin olive oil at both national and international level.

2.2 GIE Femmes du Rif: an entirely new type of olive oil organization

This part of the study begins with description of Fédolive's creation and its subsequent transformation into a 'GIE'.

Fédolive, a socio-economic non-governmental organization (NGO), was established on 7 June 2003 at Douar Jabrienne, rural commune of Brikcha, Kaida de Brikcha,

¹ This programme is the outcome of technical cooperation between several partners (including UNIDO and MCIMNE); its aim is to assist Morocco in liberalizing and opening up its economy by supporting the restructuring process, competitiveness, participation, investment, technology, growth and job creation. Within the framework of this programme, the Agencia Española de Cooperación Internacional (AECI) financed a project called 'Development of female entrepreneurship in the peri-urban and rural areas of northern Morocco', with the aim of improving rural women's entrepreneurial skills in industrial production within the sphere of traditional activities.

Cercle de Mokrisset, Chefchaouen province, under the relevant legislation: Dahir No. 1-58-376 of 3 jourmada I 1378 515 (November 1958), subsequently amended, in particular by Law No. 75-00, promulgated through Dahir No. 1-02-206 of 12 jourmada I 1423 (23 July 2002).

The federation's activities were the production, processing and marketing of olive oil. The women pooled their annual harvest of olives for the extraction of olive oil, using modern crushing methods. They were producing a high-quality oil that complied with international norms and standards, while at the same time respecting the environment. In order to facilitate marketing, in 2002 FédoLIVE adopted a visual identity for its olive oil, through the trademark 'Farida'.

2.3 The transformation of FédoLIVE into GIE Femmes du Rif: a new development strategy

2.3.1 New legal status: GIE Femmes du Rif

In September 2006 FédoLIVE acquired a new legal status as Groupement d'Intérêt Economique Femmes du Rif. This is currently the only GIE operating at national level in the production of olive oil.

This particular type of business structure was chosen above all for the advantages it offers over structures such as that of a union of cooperatives, and in particular:

- flexibility in the way the business can be set up;
- exemption from corporation tax; and
- no obligation to obtain official approval.

The partnership business currently consists of six cooperatives and four women's associations in Chefchaouen province in northern Morocco.

2.3.2 GIE Femmes du Rif: its vision, its policies and its general aims

This group aims to become the leader in Morocco in promoting typical local produce of the Rif region. It has opted for quality as an objective, and with this in mind its policies are centred on the following points:

- Creation of a regional label – 'Produit du Rif'.
- Development of customers' trust and satisfaction by supplying them with products that meet their requirements and by the agreed deadlines.
- Increasing productivity and improving production processes by imposing rigorous working methods based on good hygiene and manufacturing practices.
- Development of human potential by creating an appropriate environment for involving staff and training them, giving them responsibility and motivating them, in the context of sustainable development.

2.3.3 Femme du Rif's field of activities

With its transformation into a GIE, the group has begun another phase of development, since it now operates in a very wide field of activities: production of olive oil, beekeeping, drying of fruits, production of couscous, salt, etc.

The idea of diversifying its activities was imposed by a combination of factors related to its new structure and to the particular characteristics of the olive oil sector – its seasonal nature and its dependence on the region's uncertain climatic conditions, etc. These factors can be summed up as follows:

- The multiple activities carried out by the group's members (olive oil, honey, couscous, salt, etc.)

Table 2.1: The effects of the change of status from women's group Fédolive to GIE Femmes du Rif

	Initially	Currently
Legal status	Fédolive	GIE Femmes du Rif
Main area of activity	Production, processing and marketing of virgin olive oil	Production, processing and marketing of olive oil
Secondary area of activity	-	Dried fruits, honey, couscous
Geographical area of marketing	Local (Chefchaoun, Ouezzane, Larache)	Local (Chefchaoun, Ouezzane, Larache) plus exports (France)
Total no. of members	243	300
Total share capital	DH7,100	DH38,000
Total no. of permanent employees	Technician Finance officer 2 Cleaners (members)	Technician Manager Finance officer 2 Cleaners (members)
Total no. of seasonal employees	Technician 1 Workman 2 Drivers	Technician 1 Workman 2 Drivers

Source: authors' research

- The difficulties encountered by the producers in marketing their produce (honey, couscous, salt, etc.)
- The members' confidence in GIE Femmes du Rif following the group's success in its initial period of activity.

Moreover, the group's marketing now extends over a wider geographical area, and also a new post – that of manager – has been created. In order to carry out its activities, Femmes du Rif now has share capital of about DH38,000, compared with DH7,100 when it started operating. This share capital is currently divided between 300 members, in six cooperatives and four associations.

2.3.4 Present organization of GIE Femmes du Rif

Femmes du Rif operates according to an organigram that clearly delineates the responsibilities relating to each position. At the head is the general assembly composed of 18 women (two per cooperative or association) and which meets in ordinary session to:

- decide on one-third of the members of the board of directors;
- present the financial report (expenses incurred in the group's various activities, including equipment, supplies and maintenance);
- examine and approve the financial report; and
- discuss new applications for membership of the partnership.

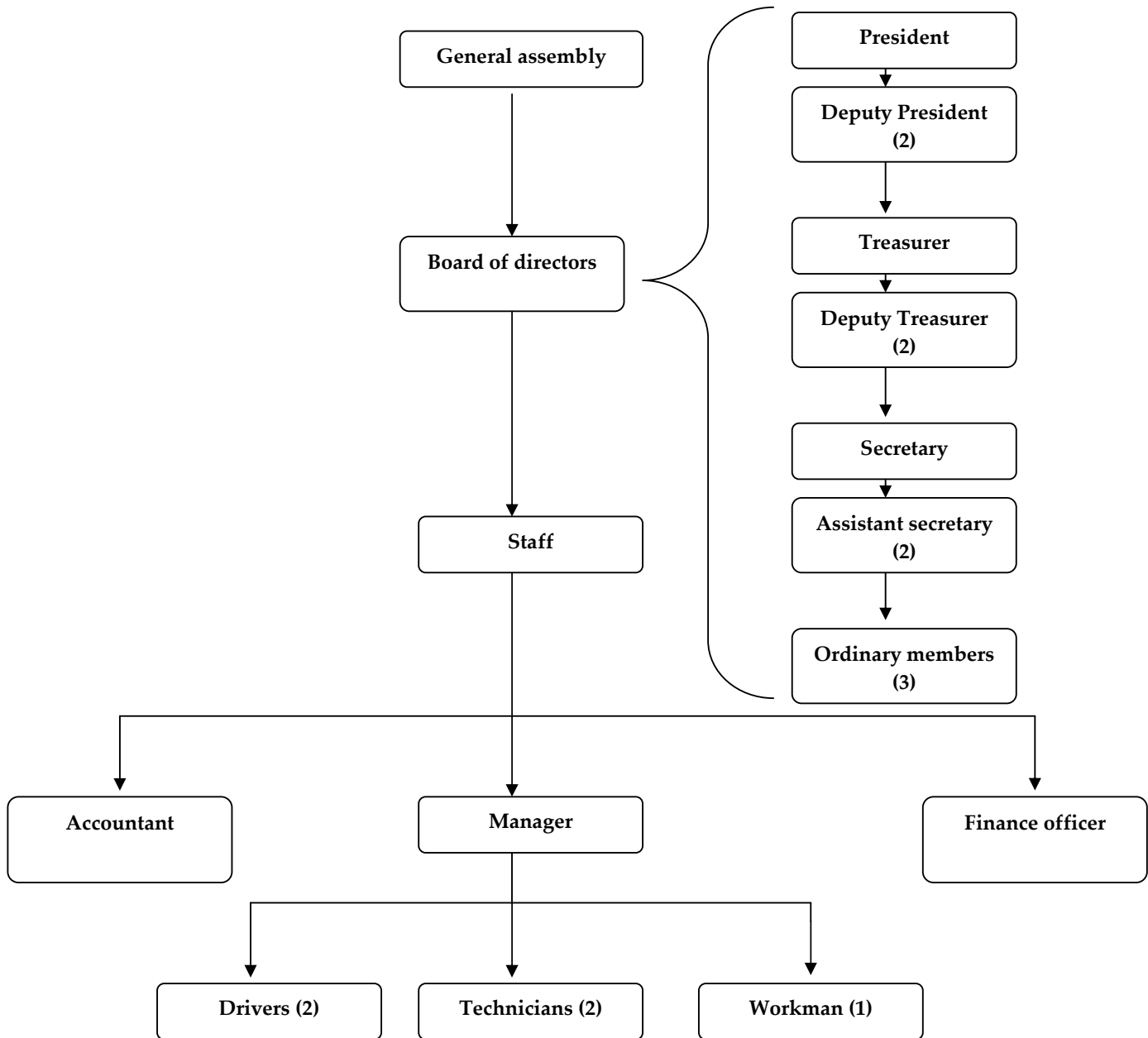
There can be an extraordinary general assembly for the purpose of amending rules relating to internal governance or the cooperatives' statutes.

The board of directors, which meets once a quarter, consists of 12 members, as follows:

- president;
- two vice-presidents;
- treasurer;
- two deputy treasurers;
- secretary;
- two assistant secretaries; and
- three assistants

The president has very wide-ranging powers. She represents the group in relations with third parties, chairs meetings of the board of directors, takes decisions, and manages and organises the group's various activities and actions it undertakes.

Figure 2.1: Organigram of GIE Femmes du Rif



Source: compiled by authors

2.4 Operating procedures: a key factor in Femme du Rif's success

The group has introduced rules concerning harvesting and transporting procedures, and payments to members.

2.4.1 Harvesting and transporting

Harvesting the olives accounts for three months of the olive oil season (November, December, January). During this period, the women producers employ workers in order to collect the maximum amount of olives. They pay the workers between 50-100 dirhams per day. Femmes du Rif makes each producer an advance payment in October, and this is deducted from their annual sales revenue.

Under the group's rules the sites where the crushing takes place were chosen because they were nearest to the majority of the cooperatives and associations, to avoid any disagreement between the members. During the harvesting period, the group arranges for 30 boxes of olives – equal to one tonne – from each cooperative/association to be crushed per day. The cooperative/association is responsible for organising in a rational manner how this daily allocation is to be divided up among its members.

The daily crushing operation at each unit is planned on the basis of the geographical location of the various cooperatives/associations whose olives are to be processed there. Thus, those nearest to the unit begin crushing their olives early in the morning, but will have to stop when the first delivery of olives arrives from the more distant cooperatives/associations, which are then given priority.

The group provides for the transport of the olives to the crushing units with two pick-up trucks placed at the disposal of the members, so long as the timing arrangements at the units permit this. Under the group's rules, the driver is responsible for inspecting the condition of the olives to be loaded on to the pick-up. In fact, the producers are obliged to follow good practice in relation to management of the olive groves (care of the olive trees, etc.) and carrying out the harvest so as to supply olives that are sound and ripe. If they do not meet these conditions, their olives will not be accepted. Moreover, there is a technician present at both crushing units to carry out a further quality control of the olives, after having checked how they have been graded. He then proceeds to carry out the crushing and cold-pressing process.

The two technicians are also responsible for recording the quantities delivered in the members' record books; a summary of these records is subsequently submitted to the president of Femmes du Rif.

2.4.2 Paying the members

To encourage the members to look after their olive groves properly and to harvest the olives with care, Femmes du Rif has introduced a system of payment according to quality, which differentiates between the individual members on the basis of the

quality oil they produce (extra-virgin, fine, etc). Likewise, this system takes into account the quantity delivered by each member, calculated on the basis of net weight (gross weight less a deduction for impurities, foreign bodies and leaves). The group's rules include the following provisions:

- Members are obliged to place at the disposal of GIE Femmes du Rif at least 75 per cent of the cooperative's total output in a normal season and 90 per cent in a good season.
- The individual producers have the right to retain, for their own consumption, a maximum of 50 per cent of the virgin olive oil obtained from their olives.
- They do not have the right to resell directly a part or all of the oil that was retained for their own consumption.

The various rules and regulations established by the group are designed to ensure that it operates well, in order to obtain the quality of product it is aiming at, and thus to enhance the value of the product in the context of modern markets.

2.5 Femmes du Rif's financial resources

Femmes du Rif essentially depends on the revenue from its activities in the olive oil sector, and on grants from UNIDO which cover the cost of two salaries (a technician and a driver) as well as part of the fuel used, etc. The table below sets out the group's financial resources.

Table 2.2: Femmes du Rif's financial resources for the season 2005/06

Sources of revenue	
Commission retained	DH4 per litre of virgin olive oil
Charge for services	DH0.5 per kg of olives = DH3.125 per litre of olive oil
Sale of 'oil cake' (solid residue after oil has been extracted)	DH0.35 per kg of 'oil cake'
Cooperatives' subscriptions	DH1,000 per cooperative
UNIDO grants	DH17,000

Source: authors' research

As the table above shows, the group has several sources of revenue:

- the commission which is its profit margin. This is calculated on the basis of the difference between the price paid by the customer and the price paid to the producers. It is allocated to investment and running costs of the group.
- the charge paid by the producers for crushing the olives is about DH3.125 per litre of oil obtained. The cost of crushing a kilogram of olives is fixed at DH0.50 and it requires 6.25kg of olives to produce one litre of virgin olive oil. The producers can pay either in cash or in kind (i.e., in olives)
- the sale of 'oil cake' (the solid residue after the oil has been extracted; used for animal feed)

- an annual subscription of DH1,000 paid by each cooperative or association
- initially, grants from UNIDO were quite large, at about DH40,000 a year; since 2005/06, however, the grants have fallen to DH17,000, as the various partners have gradually withdrawn support to enable the group, to become independent.

2.6 Analysis of the olive oil value chain within GIE Femmes du Rif

2.6.1 Femmes du Rif's assets

The women's group's assets have expanded considerably since it started (see Table 2.3 below). Today Femmes du Rif has 400 hectares of olive trees divided between eight *douars* (small villages) in the Mokrissat area. The only variety of olive grown for the group's production of olive oil is the 'Moroccan Picholine'. Harvesting is mainly by hand-picking, and sometimes by means of beating the branches with poles to shake the olives off the trees.

Average annual output of olives is about 114.35 tonnes, and that of olive oil is 16.32 tonnes. The network of member producers in any year numbers on average between 74 and 80. The group owns two dual-phase crushing units. One is located at Jabriyenne and has a capacity of 250kg/hr and the other is installed at Bni Rotten, and has a capacity of 350kg/hr. The oil obtained is stored in containers made of plastic or stainless steel.

Table 2.3: Growth of Femmes di Rif's assets

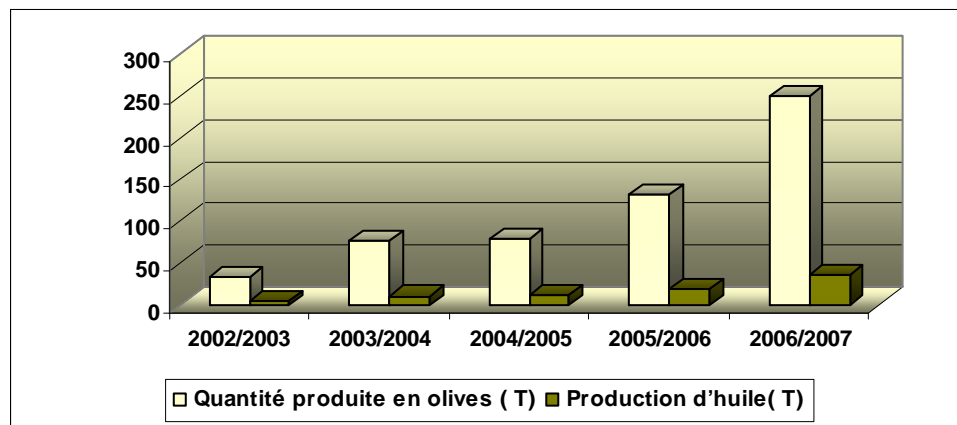
	Initially	Currently
Area of olive groves		400ha
Output of olives	33.6 tonnes	250 tonnes
Output of olive oil	4.76 tonnes	36 tonnes
Crushing capacity (tonnes/day)	6	14.4
Logistics and processing equipment (vehicles and agricultural equipment, modern extraction machinery, etc.)	1 crushing unit Containers: 7 in food-grade plastic	2 crushing units 2 vehicles (pick-up trucks) Containers: 7 x1000-litre and 2 x 500-litre in food-grade plastic 6 x 600-litre in stainless steel Premises (offices, computer, etc.)

Source: authors' research

2.7 Development of olive oil production: steady growth

Femmes du Rif makes every effort to increase the quantity of virgin olive oil it produces. The graph below shows the remarkable growth in output.

Figure 2.2: Growth in output of olives and olive oil



Volume of olives produced (tonnes) Production of oil (tonnes)

There has been a steady growth in the quantity of olives produced, and consequently in that of olive oil. Thus production of olives was 33.6 tonnes in 2002/03 and by 2006/07 it was seven times greater, at 250 tonnes, while the volume of olive oil produced grew from 4.76 tonnes to 36 tonnes over the same period.

This rapid expansion is the result of the joint efforts of the various actors involved in the project, and above all, the determination of the women producers. They show this in the way they work together, both in looking after the olive groves and harvesting the olives, and in applying the good hygiene practice guidelines for the production of olive oil.

2.8 Characteristics of the finished products

2.8.1 Quality

Different qualities of olive oil can be distinguished according to the degree of acidity. Our research with Femmes du Rif's leaders showed that more than 98 per cent of the oils produced are of extra-virgin quality, with an acidity content of about 0.3 per cent, which is less than the 0.8 per cent standard set by the International Olive Oil Council.

2.8.2 Packaging

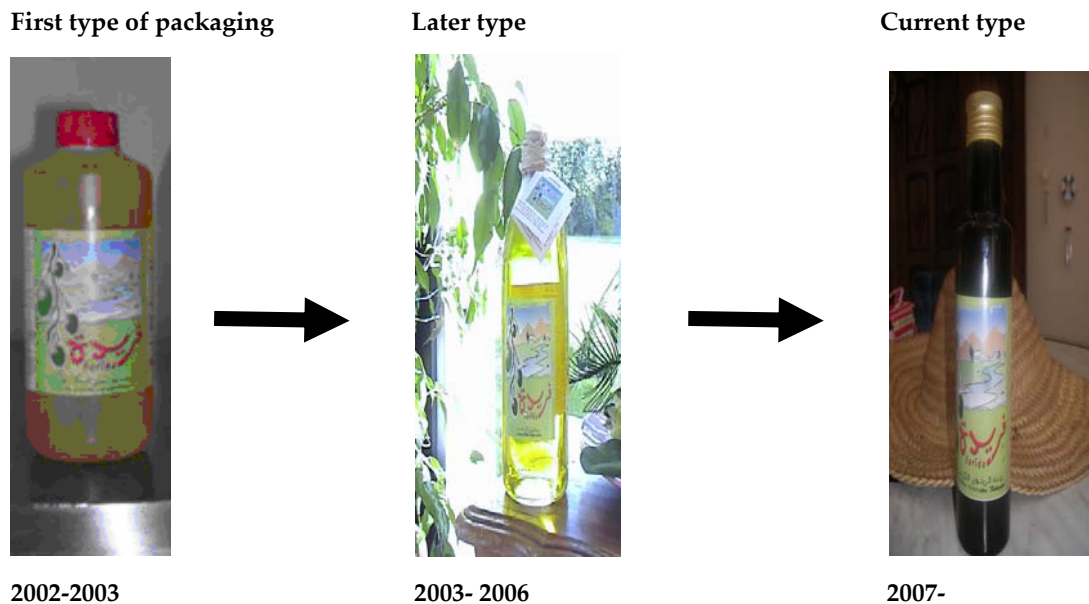
The group started off by using plastic bottles for its oils, but this proved to be a bad choice. Subsequently, a design firm (specialised in packaging and labelling) was brought in; it opted for glass bottles. However, the group's leaders concluded that the style of packaging did not meet the needs and expectations of potential customers, whether at national level (supermarket chains) or international level. Therefore in 2007 the group employed another design firm, which opted for the use

of both opaque glass and clear glass bottles, with a view to diversifying the group's products and promoting the Farida brand.

The bottling operation is carried out manually by the women producers at the Bni Rotten crushing unit; the group pays them for this work at the rate of DH40 a day. The group ensures that the task is carried out in turn by all the producers so that all can benefit from this extra source of income.

The total cost of bottling up to the end of the 2006/07 season was covered by the project. However, as from 2008, Femmes du Rif is taking over responsibility for this cost.

Figure 2.3: Development of packaging



2.8.3 Capacity

The plastic bottles contained one and five litres, the first glass bottle one litre. For the new packaging, the group opted for three sizes: 25cl, 50cl and 75cl.

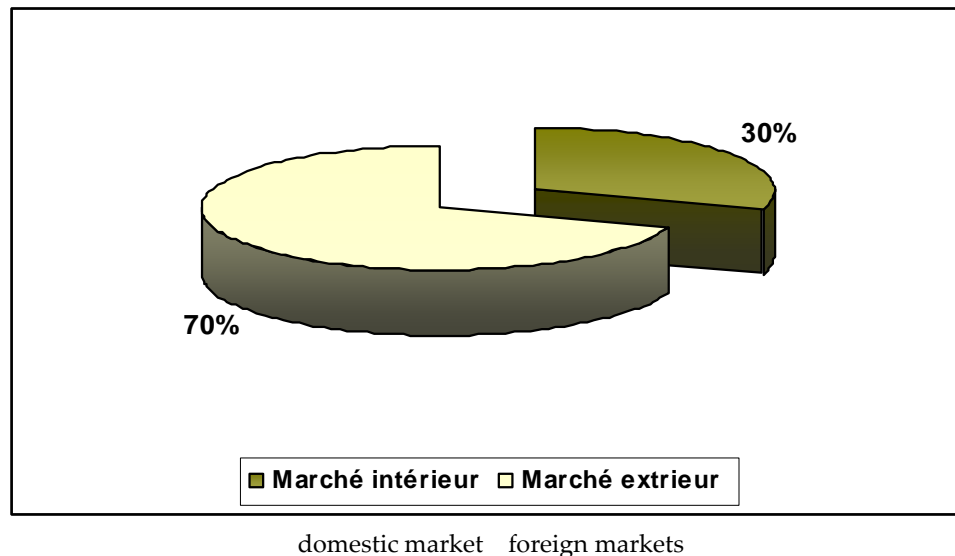
2.9 Marketing

The group has put a great deal of effort into marketing, as it has done for all the other stages of its olive oil value chain, but with varying results.

2.9.1 Marketing strategies and policies

The research has shown that Femmes du Rif is interested in the domestic market but even more so in foreign markets. In fact, 70 per cent of the olive oil it produces is sold in bulk abroad, mainly to France.

Figure 2.4: Destination of olive oil produced in the 2005/06 season



Source: authors' research

2.9.2 Foreign markets

In 2003, the group started to collaborate with the French company Zaitoun International. This company, lacking financial, technical and logistical means, turned to Alter Eco, a well-known operator in the fair trade sector, and asked to become one of its subsidiaries. As a result, Alter Eco Afrique du Nord Moyen Orient was created. This collaboration enabled Femmes du Rif to enter into partnership with Alter Eco.

In fact, Alter Eco is one of the main French business enterprises exclusively dedicated to the import and distribution of fair trade products. It champions a new concept of this type of commerce, in which the commercial aspect is more important than the educational and political aspects. Its objective is to work principally with groups of small producers in the South, to build commercial relations with them, with the aim of maximising their outlets. The products marketed by Alter Eco under its own name bear the Max Havelaar fair trade label, while the other products it distributes have recently undergone a fair trade audit (FTA)² – and this is the case with Femme du Rif's products. Alter Eco markets Femme du Rif's products under

² Methodology designed to evaluate objectively, using relative data, the level of economic, social and environmental development of producing organizations; the aim is to ensure the successful launch and development of these producers and their products on European markets.

the latter's own label in French supermarket chains (E. Leclerc, Champion, Carrefour, Monoprix, Intermarché, etc.), showing the products' origin.

2.9.3 Domestic market

The proportion of Femmes du Rif's output sold on the domestic market remains relatively weak, at 30 per cent. The reason for this is the small size of its national distribution network. Most of the olive oil is sold in bottles with the brand name Farida at exhibitions, seminars and fairs, while the remainder is sold loose locally.

Table 2.4: Sales to modern markets in bulk and packaged

	In bulk (%)	Bottled (%)	Total
Domestic market	10	20	30%
Foreign markets	70	-	70%

Source: authors' research

2.9.4 Femmes du Rif's efforts to penetrate national modern markets, especially large-scale retail chains

Right from the start, several marketing methods have been adopted, as follows:

- the establishment of kiosks in the main towns of the northern region at strategic points (Ouezzane, Chefchaouen, Larache, Tétouan, etc.), targeting rural tourism as well as the main MRE routes.
- organising open days at Chefchaouen (youth centre) and at Ouezzane (Hôtel Rif, youth centre) where tasting sessions have been targeted at the more sophisticated and well-off consumers (local civil servants, senior bank staff, ONEP staff, etc.) with the aim of promoting the quality of their product
- running door-to-door days at Ouezzane, with two members of the group assigned to each quarter of the town in order to promote their product with the local residents, enabling them to taste and appreciate the quality of Farida olive oil
- raising the awareness of the population of the northern region, through broadcasts on Tétouan radio, about the qualities of olive oil.

Most of these attempts have failed to produce any satisfactory results either in the medium or the long term. In fact, the group had to close its kiosks, for lack of sales. This setback was due mainly to the eating and cultural habits of Moroccan consumers, who are not used to buying olive oil in bottles. Moreover, the packaging used at that time impaired rather than enhanced the product's image.

The open day's initiative, although successful at the time, could not be used as a long-term solution. In fact, it was successful really because only a small quantity of olive oil was made available for sale at each event (two tonnes), so it ran out very quickly, thanks to the enthusiastic sense of solidarity and co-operation displayed by those who took part.

In addition, efforts at raising the awareness of Moroccan consumers through door-to-door days and radio broadcasts) failed to affect consumers' habits since the majority of people still cannot distinguish between the taste and colour of extra-virgin olive oil and those of ordinary table oils.

In 2003, as part of its efforts to market Farida olive oils, the group engaged a marketing expert to negotiate Femme du Rif's integration in the large-scale retailing sector, particularly through the Cofarma and Aswak Assalam chains. However, some of the requirements laid down by these supermarket chains were regarded by Femmes du Rif as barriers.

In fact, given the group's financial limitations, it found itself unable to meet certain clauses in the contracts, such as that relating to listing rights. With regard to payment terms, the group cannot cope with the three-month payment delays, because it is obliged to pay its members on time, because they have few sources of income. Likewise, Femmes du Rif cannot agree to pay either the non-delivery penalty charge in the event of its stocks running out, nor the end-of-year discount.

On the other hand, the group is in a position to fulfil the other contract clauses, such as that relating to marketing co-operation,³ and it realises the importance of publicity for its product; it can also cope with clauses relating to late deliveries and required quantities.

2.9.5 Market prices

According to the quality of the olive oil and its destination (domestic or foreign retail market), prices for the 2006/07 season are shown in the table below:

Table 2.5: Prices received for olive oils in the 2006/07 season

Quality of oil	Type of market	
	Foreign market (in bulk) 1 litre	Domestic market (bottled) – sold locally, olive oil fairs, etc. 1 litre
Extra-virgin	DH43	DH50
Fine virgin	-	DH40
Standard	-	DH37

Source: authors' research

It is only the extra-virgin oil that is exported, and its price varies according to the type of market. The price obtained on the domestic market is in fact higher than that on foreign markets. This price difference is explained by the fact that on the domestic

³ The supplier is committed to taking part in all promotional activities that are organized in the stores to ensure good publicity for the products and high levels of sales.

market, the oil is sold to a very well-off Moroccan clientele, and mostly at events such as trade and other fairs.

With regard to foreign markets, the price is negotiated with Alter Eco on the basis of costs borne by Femmes du Rif, including:

- fixed costs – staff salaries, electricity, water, maintenance of premises, etc; and
- variable costs – harvesting, transport, items connected with handling olives (plastic sheets, compartmentalised boxes for the olives), crushing costs (spare parts, depreciation, etc.).

The producers' profit is calculated as double the total cost of production. The cost of producing one litre of olive oil was about DH16.74 in the 2005/06 season. Thus the price paid to the producers was DH33.48 per litre. In addition, they receive a supplement of DH4.52 per litre for social purposes (children's schooling, investment in other projects, etc.).

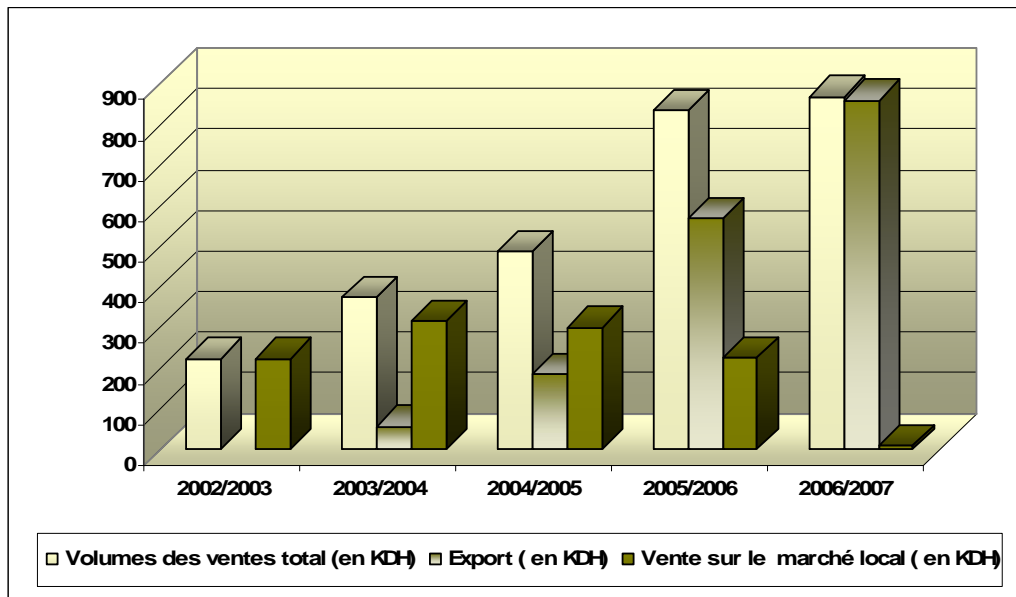
It should be pointed out that Alter Eco ensures that the women entrepreneurs are the major beneficiaries of this co-operation.

2.10 Growth of sales

Figure 2.5 shows there was a 25.78 per cent growth in the volume of total sales between the olive oil season of 2002/03 and that of 2006/07, and that this growth was thanks to exports. It is important to note that initially, the local market was the only outlet for the women's virgin olive oil. However, sales to this market have fallen sharply in favour of foreign markets, which today accounts for almost all of Femmes du Rif's turnover. At the time of the research for this study, during the 2006/07 season, production of oil had not been completed, which explains the very low level of local sales.

Figure 2.5: Growth of sales on the domestic and export markets

Source: authors' research



Total sales in thousand dirhams Exports in thousand dirhams Sales on local market

These figures demonstrate the reality of the olive oil market. There are several possible factors influencing sales on the domestic market:

- 1 lack of relations with relevant actors in the area of marketing – supermarket chains, distributors, wholesalers, etc.
- 2 the food-buying habits of Moroccan consumers, who prefer to buy in bulk an oil with particular characteristics (an acid olive oil with a strong flavour), which is sold through the informal market sector.

By contrast, demand for Femmes du Rif's olive oil on the European market, and especially the French market, is rising, thanks to the fact that foreign consumers' preferences regarding olive oil correspond to the characteristics of the group's product:

- produce typical of a particular region ('produit de terroir')
- certified organic during the 2005/06 season by Ecocert
- 100 per cent natural
- meets relevant standards of traceability, hygiene and 'hazard analysis and critical control points' (HACCP)
- fruity flavour.

2.11 Femmes du Rif's main partners in developing its olive oil value chain

Femmes du Rif enjoys the support of several partners in the technical, financial and logistical areas, aimed at promoting its olive oil value chain. These partners are:

- MADRPM, through these supporting institutions: the DPA of Chefchaouen and the Centres de Travaux (work centres of Mokrissat, Ain Baida, Asjen, Brikcha, Ain Aïcha.) Its support takes the form of technical training for the group's members, focusing on the most important aspects linked to profitability of the olive oil business, through four training modules:
 - The first module is about the basic notions of, first, business economics through an explanation of the concept of business enterprises, cooperatives and associations, as well as their management (management of human resources and its basic principles, minutes of annual general assemblies and other meetings, etc.) and, second, the organizational structure of a business.
 - The second module is concerned with economic and financial management, particularly accounts (analysis, general, calculating costs of production, cost prices, etc.).
 - The third module discusses management in general and provides a description of the tools of management: technical management (factors of production), management of stocks, management of personnel (recruiting and dismissing staff, wages, etc.).
 - The fourth and final model deals with commercial management, through studying the market, production planning, the choice and management of distribution channels, and export procedures.

- MCIMNE which, in partnership with UNIDO, has organized periods of continuous training for members through seminars, courses both inside and outside Morocco, study travel, etc., and participation in various trade fairs and exhibitions at regional, national and international level. In addition, UNIDO finances part of the group's annual running costs.

- IAV Hassan II which, with the assistance of a UNIDO consultant as instructor-researcher, has organized:
 - training modules in Arabic for the women entrepreneurs on good practice in the production of olive oil and good hygiene practice. The courses describe the procedures to be followed by the women at all stages of producing the oil: care of the olive trees, harvesting, storage, transporting the olives, the crushing process and bottling the finished product
 - the setting-up of a system for ensuring quality (traceability, etc.).

- The Spanish development organization Agencia Española de Cooperación International (AECI), which provides Femmes du Rif with financial support by:
 - providing it with two modern crushing units so as to improve productivity and the quality of the oils produced by the women
 - providing vehicles (two pick-up trucks)
 - constructing a building measuring 150 square metres to house one crushing unit

- constructing a building to house one crushing unit, storage space, a bottling machine and an analysis laboratory.

Femmes du Rif also collaborates with local and regional non-governmental organizations (NGOs):

- Association Marocaine d'Appui à la Promotion de la Petite Entreprise (AMAPPE), Moroccan association for supporting the promotion of small businesses
- Association pour le Développement Local (ADL), association for local development
- Association Talasmeta de Développement et de l'Environnement (ATDE), association for development and the environment.

These NGOs provide regular training, courses and study travel, according to the members' needs.

2.12 Barriers to Femmes du Rif's further development

Notwithstanding the results achieved by Femmes du Rif so far, a combination of factors – human, structural, natural and fiscal – hampers the further development of the group's olive oil value chain:

- The poor road network of the Rif region means the women and the olive groves they tend are cut off, owing to their distance from the crushing centres. This situation is due largely to the region's topography which makes access to the olive groves very difficult, and thus hinders the operation of collecting the olives.
- The crushing machinery requires regular maintenance, given that it is in intensive use during the harvest period. Moreover, spare parts are very expensive because they are hard to find on the national market, and this leads to delays in the crushing units' operations. This maintenance and the delays add considerably to the group's running costs.
- The two pick-up trucks made available to the cooperatives and associations have proved to be not nearly sufficient, so there are problems relating to the transporting of olives to the crushing facilities. Also, in addition to the high maintenance costs caused by the intensive use of the two vehicles, Femmes du Rif has to bear very high fuel costs, given the long distances involved.
- Femmes du Rif faces organizational problems. We noticed that power was concentrated in the person of the group's president, who involves herself to a high degree in the various tasks and takes all the decisions. This situation is the result of a combination of factors, linked basically to the low level of education of the members of the board of directors, and to the distance and isolation of the *douars* where the women live, making it difficult for them to take part in meetings.

- The women's participation in the various activities of the group (selling in kiosks, study travel, attending trade fairs and seminars, etc.) comes into conflict with the traditional conservatism of the Rif region.
- Femme du Rif's operations have always relied on financial aid from funders (grants from AECI and UNIDO, etc.), which places the group in a position of dependence. However, any break in relations with these partners could put its future at risk.
- There are difficulties in selling the olive oil on the domestic market, which are due to a combination of factors, and in particular:
 - insufficient financial, technical and human (marketing expertise) means;
 - limited marketing opportunities, since the only method currently adopted by the group is selling locally, thanks to which it manages to save on marketing costs (for logistics, etc);
 - socio-cultural factors (consumers' food-buying habits); and
 - Moroccans' purchasing power.

This study of Femmes du Rif has enabled us to identify the key elements that could facilitate the group's integration into Morocco's modern large-scale retail market, and those that prevent this integration; we have done this by means of a 'strengths and weaknesses, opportunities and threats' (SWOT) analysis, as shown below.

2.13 SWOT analysis of Femmes du Rif

Table 2.6 : SWOT analysis

<p>Strengths:</p> <ul style="list-style-type: none"> - Quantitative and qualitative potential of olive oil produced by Femmes du Rif - Niche product ('terroir' and organic) - Determination of the women to succeed in the project - Unconditional support of the local authorities and international bodies (UNIDO and AECI) 	<p>Weaknesses:</p> <ul style="list-style-type: none"> - Organizational problems within the group, including the women producers' high degree of dependence in relation to the group's president and to institutions such as MCI and UNIDO - Insufficient communication and advertising about the product - The product is not sufficiently well known nationally - Most of the training is not adapted to suit the women's intellectual level - Financial problems
<p>Opportunities:</p> <ul style="list-style-type: none"> - Product complies with international norms and standards - Moroccan consumption habits regarding olive oil beginning to change - New producers keen to join the project 	<p>Threats:</p> <ul style="list-style-type: none"> - Difficulty of maintaining the product's present level of quality - Lack of competent personnel - Financial dependence on funders - Difficulties in accessing the domestic market (supermarket chains) - Experienced competitors - Socio-cultural influences

Source: compiled by authors

After having examined the way Femme du Rif operates, and having identified these strong and weak points, we then looked at the economic aspects of the group's efforts to participate in modern markets, in order to have a better idea of the upgrading costs entailed in these efforts.

2.14 Upgrading costs entailed in forming trading relationships with modern markets: supermarket chains and Alter Eco

2.14.1 Upgrading costs entailed in forming trading relationships with supermarket chains

2.14.1.1 Costs connected with information-gathering and market canvassing

The desire to get its products into the supermarket chains led Femmes du Rif to draw up a strategy for this purpose. This strategy consisted mainly in improving the quality of packaging, on the basis of a report prepared by a negotiating and commercial relations consultant.

The group wanted to have a competitive product with its own visual identity, and in 2002 it launched the brand name 'Farida'. To this end, it adopted a new packaging concept, switching from plastic bottles to glass bottles, and at the same time updating the labelling, to be attractive to a wide segment of consumers. Promotional flyers were also introduced to further enhance the product's image with the public.

Likewise it was considered necessary to engage the services of a marketing expert, to strengthen the group's position during negotiations. This consultant started by canvassing the retailers Cofarma and Aswak Assalam. During the second phase of his work, he began negotiations with these companies, with a view to reaching a conclusive agreement. However, all these efforts came to nothing because Femmes du Rif was unable to meet certain requirements specified by the supermarket chains (relating to listing rights, payment terms, interruption of supplies, end-of-year discount).

2.14.2 Upgrading costs entailed in forming a trading relationship with Alter Eco

The difficulties of getting into the domestic retail market led Femmes du Rif to export its olive oil in bulk, following a request from the French market, initially through Zaitoun International, and subsequently Alter Eco under a fair trade arrangement. So what does the French market represent in terms of consumption of olive oil and in particular fairly traded olive oil? France's own production is not at all large, at about 4,000 tonnes a year, representing 0.15 per cent of world output. Over the past decade, consumption of olive oil in France has almost trebled, so that the country has to import some 96 per cent of its olive oil needs, essentially from Spain and Italy.

Consumption of extra-virgin olive oil in France accounts for 98 per cent of total consumption of olive oil. As well as the importance that the French consumer gives to quality, there is a trend towards fairly traded products. In fact, one out of every two French people has now heard of fair trade and one out of three says they have used fairly traded products. The popularity of the fair trade concept is strengthening as it becomes better understood, and sales are growing accordingly. People in the 18 to 25 age group in particular are increasingly buying fairly trade products, and this is partly thanks to awareness-raising initiatives that have been organized large numbers of schools.

Femmes du Rif, because of the quality of its products, and its particular type of organization, has had no problems in penetrating the French market under the banner of fair trade. However, has it made as much effort as it could since starting to participate in this market?

2.14.2.1 Costs connected with gathering information about potential customers

Given the concentration of Femmes du Rif's efforts on marketing its products domestically, the export sector did not form part of its short-term strategy. However, the difficulties it experienced in trying to access the national modern retail markets combined with the good reputation for quality of its olive oil aroused the interest of the French exporting company Zaitoun International, and Femmes du Rif started

negotiations with the company with a view to conquering the French market. This approach from Zaitoun International enabled the group to save the cost information-gathering.

2.14.2.2 Costs entailed in setting up the relationship

This phase started with the signature of the contract with Zaitoun International. Following the problems encountered by this company, Femmes du Rif re-engaged with the importer but this time in its role as representative of Alter Eco Afrique du Nord et Moyen Orient. Involvement in this commercial collaboration entailed Femmes du Rif in taking a number of measures in order for the venture to succeed:

- The group needed some training on exporting procedures: the president received training on this.
- The European Union's (EU's) rules concerning traceability (Regulation 178/2002) required the intervention of an expert in traceability, to introduce the use of a guide and a software program regarding the traceability of olive oil
- There was a need to increase output capacity, given the high level of demand from French consumers for Femmes du Rif's olive oils, and the group made efforts to raise awareness of this among the producers and to provide them with instruction aimed at improving their production both quantitatively and qualitatively.
- It was necessary to purchase new containers in food-grade plastic and in stainless steel, to ensure that the group's storage facilities met the growing volume of olive oil produced.

2.14.2.3 Costs entailed in developing the trading relationship

During this phase, Femmes du Rif strengthened its plan of action for harmonising and developing its relations with Alter Eco, because at this stage of collaboration, the smallest error could have had considerable repercussions, given the degree of involvement of both parties. The group has made long-term investments in this relationship:

- The importance given by Alter Eco to organic products induced Femmes du Rif to take the necessary steps to obtain organic agriculture certification, which it managed to receive from Ecocert.
- The group has made a strategic choice to increase its output of olive oil.

Table 2.7 below provides a summary of all the upgrading costs borne by Femmes du Rif in order to participate in the domestic and French markets, together with the characteristics of each market, with the ultimate aim of determining the most appropriate network for Femmes du Rif.

Table 2.7: Opportunities and constraints for Femmes du Rif and the upgrading costs necessary in order to access the national supermarket networks and the French market under the fair trade banner

	Opportunities	Constraints	Upgrading costs
Domestic market (supermarket chains)	<ul style="list-style-type: none"> - Number of visitors 9,000 people per day - Marketing - Beginnings of fair trade - No particular requirements concerning labelling or traceability 	<ul style="list-style-type: none"> - Onerous terms and conditions - Restriction on the number of olive oil producers per retailer - Direct and indirect influence of the big industrial olive oil manufacturers - Food-buying habits (weak demand for virgin and extra-virgin olive oil) - Informal sector supported by the consumer; - Low level of consumption (2.96kg per person per year) - Limited purchasing power of Moroccan consumers 	<ul style="list-style-type: none"> - Cost of exploring potential markets and negotiating (services of an expert) - Cost of launching the Farida brand, designing the packaging and label
French market under fair trade label	<ul style="list-style-type: none"> - 60 million consumers - Demand for olive oil increasing - Virgin olive oil accounts for 22% of the market for alimentary oils - Consumption trebled over past decade - Strong demand for extra-virgin olive oil (98% of all virgin olive oils) - Consumption of virgin olive oil is 1.6kg per person per year - Importance of fair trade (one in three people buys these products) - High purchasing power of French consumers 	<ul style="list-style-type: none"> - Requirements regarding traceability (EU Regulation 178/2002) - Competition from Spanish and Italian brands - Little knowledge of the qualities of Moroccan virgin olive oil 	<ul style="list-style-type: none"> - Cost of negotiations with Alter Eco - Cost of setting up traceability system - Cost of obtaining organic certification from Ecocert - Cost of basic instruction for producers - Cost of training course for president - Costs incurred in increasing output - Cost of purchasing food-grade containers

Source: compiled by authors

2.15 Future projects and prospects for developing Femmes du Rif's olive oil value chain

Femmes du Rif envisages in the short term a number of projects to be carried out in co-operation with its partners (UNIDO, Fondation Mohammed V, etc.) in order to ensure the sustainable development of its olive oil value chain.

Ongoing guidance will have to be provided, if the group's success to date and the determination of its members to develop the group's olive oil business are to be sustained. To this end, a second phase of the Programme Intégré et Modulaire (PIM II) will start during 2007 and will last until 2010. Its main aim is to ensure financial viability for Femmes du Rif. This programme will focus mainly on the diversification of products within the olive oil value chain, through the production of table olives, soap and cosmetics (creams, massage oils, etc.). This will be done through technological development, and creating new units for developing these products.

During 2007 the ISO 22 000 quality system will be put in place so as to comply with the European regulations regarding imports from countries outside the EU. The number of cooperatives applying to join Femmes du Rif has continued to grow. In fact, the group decided at its last general assembly to expand the group in response to a new government strategy which aims to develop the olive oil sector because the country's olive oil is seen as a competitive product. Four new cooperatives from the Mokrisset area are to join the group, bringing the total number of cooperatives to 14.

Femmes du Rif is also planning to extend its exports to other countries (Germany and the USA), given the strong demand from foreign markets. Starting this year, the group will begin collaborating with the German company Atlas Source. This company has placed an order for eight tonnes of olive oil in bulk, to be delivered in three stages. Femmes du Rif is in negotiations with USAID for technical support to enable it to soon start marketing Farida in the United States.

The group is planning to open soon a point of sale in Chefchouen jointly with other producers in the region which will offer a range of other local products (honey, couscous, etc.).

In addition, 2007 will see the purchase of two new modern crushing units and the construction of new premises near Bni Rotten. Femmes du Rif has benefited from the olive oil development and capacity-building project set up by Morocco's national initiative for human development, INDH. This project⁴ will consist of the

⁴ Costing DH2 million, this project is financed as part of a comprehensive programme involving Fondation Mohammed V pour la Solidarité, MAMDA-MCMA and CAM (DH920,000 for construction of the crushing unit building), in partnership with ADPN (DH900,000 for purchase of the crushing

construction of a 300-square-metre covered building, complying with relevant international standards, to house an olive-crushing unit with a capacity of five tonnes per hour, storage facilities and offices, as well as the purchase of bottling equipment and equipment for measuring acidity for controlling the quality of the oil.

2.16 Conclusion

Femmes du Rif is the first 'groupement d'intérêt économique' in Chefchaouen. Its main activity is the production, processing and marketing of olive oil. The group receives financial and technical support from the Programme Intégré et Modulaire du Maroc. 'Farida' is the brand name used at present for marketing the oil at national level (selling locally and at exhibitions, trade fairs, etc.); at international level the olive oil is sold in bulk. Penetration of these markets has required efforts on the part of Femmes du Rif, and associated upgrading costs.

Table 2.8: Evaluation of marketing networks penetrated by Femmes du Rif

	<i>Domestic market (supermarket chains)</i>	<i>French market with fair trade labelling</i>
Opportunities	++	++++
Constraints	+++	++
Upgrading costs	+++	++++
Ratio of opportunities to constraints	+	++

+	Weak
++	Medium
+++	Strong
++++	Very strong

Source: compiled by authors

The opportunities presented by the French market are greater than those of the domestic market (supermarket chains), despite the fact that the upgrading costs that Femmes du Rif has to bear in order to integrate into the French market are greater than for participating in the domestic market.

The opportunities presented by the domestic market have less weight than the obstacles facing the group in this market. In fact, the onerous nature of the terms and conditions stipulated by the national supermarket chains, in addition to – among other things – their internal strategies that allow only one small or medium-sized

unit), the rural commune of Ain Beida (provision of a plot of land measuring 300 square metres), Femmes du Rif (DH80,000 for running, maintenance and management costs), the DPA (DH100,000 for monitoring and technical guidance), and UNIDO and MCIMNE, which will contribute with technical and institutional assistance.

producer to supply them, means that access to this segment of the market is very difficult.

Therefore, the fair trade route represents for Femmes du Rif very much a suitable alternative, given the characteristics of the French market (high level of demand, well-informed consumers, etc.) and this is despite the obstacle represented by the need to comply with traceability regulations.

3 Case Study B - An individual producer: Star Olive company

3.1 Introduction

Saïss region is well known nationally for its olive oil. The region accounts for a large proportion of Morocco's output of olive oil.

3.1.1 Description of Star Olive

Star Olive was set up in 2005 as a 'société à responsabilité limitée', or limited company, specialised in the production, packaging and marketing of olive oil. Its production base, 'Domaine Kirana', lies on the Saïss plain, 18 kilometres from Fès in the direction of Meknès. It covers an area of 300 hectares.

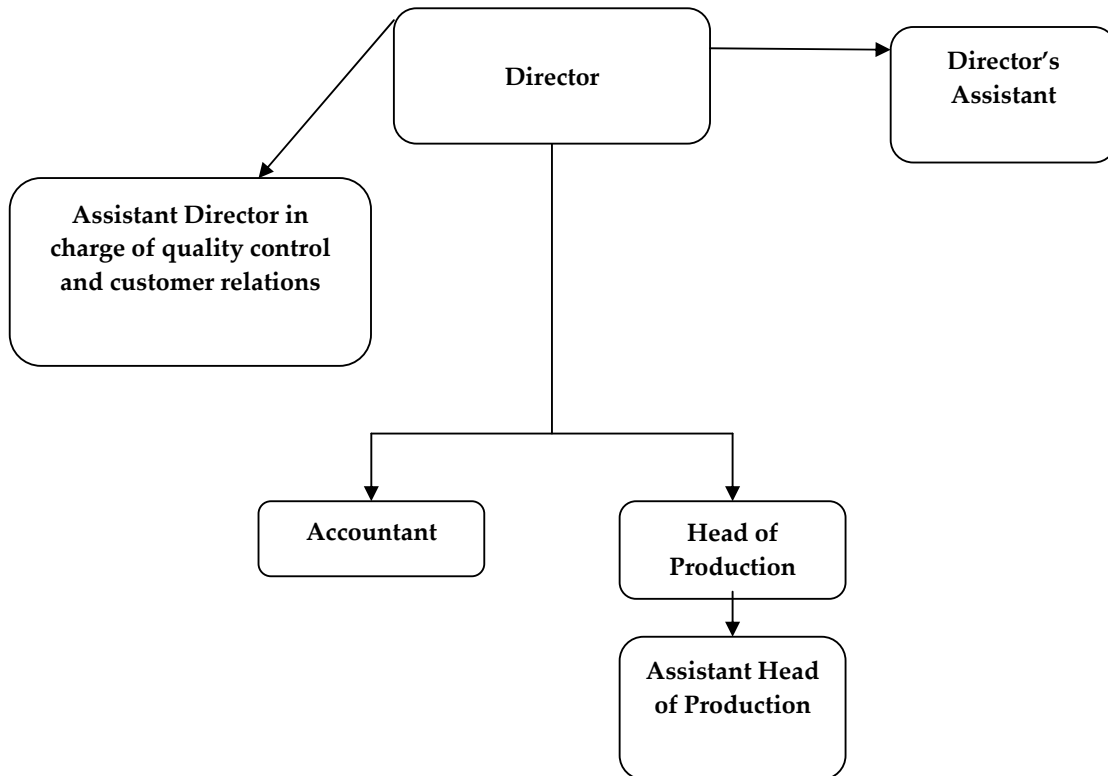
Before the olive groves were established, the estate's main activities were wine-growing, market gardening, livestock and cereals. However, for several reasons and particularly the prospect of the opening-up of borders in 2010, tough competition from Europe – given its proximity, the vagaries of the climate and water shortages, the business turned to olive oil production, which the company's female director is a more remunerative activity than the cultivation of cereals. Therefore the 65 hectares formerly used for cereals was converted to the growing of olives.

The choice of olive oil was not a random one; the company's interest in this product was based on its numerous advantages, such as:

- increasing demand at international level (forward-looking culture);
- consumers' awareness of dietary aspects of olive oil; and
- olive oil's health benefits.

3.2 The company's internal organization: a small business led wholly by its creator

Figure 3.1: Organigram of the company Star Olive
Source: compiled by authors



The people currently working in the company answer directly to the director and no decision is taken without her being consulted first.

3.3 Analysis of the olive oil value chain within Star Olive

3.3.1 The company's assets

The Kirana estate has decided to grow several varieties of olive, both foreign and Moroccan. For numerous reasons (well adapted to the Moroccan climate, resistance to the cold), it initially went for the Spanish variety Arbiquine, while also retaining the specific character of the national olive oil through the use of the Moroccan Picholine. The estate is currently trialling other foreign varieties such as the Picual, Coroneiki and Frantoio, in order to assess their yields and their productivity in terms of oil output.

At present, of the 65ha dedicated to the growing of olive trees, just 20ha are productive, owing to the land having been planted only recently. For this reason, Star Olive gets supplies of olives from other growers in the region so as to ensure a good output of olive oil. The company's strategy is to buy the olives on the tree. This choice is linked to the objective of ensuring traceability through the whole process of harvesting, transport and processing. The olives are harvested both by hand and mechanically, using Olivium harvesters. The olives are transported in plastic boxes soon after harvesting (within a maximum of 24 hours) to the crushing unit.

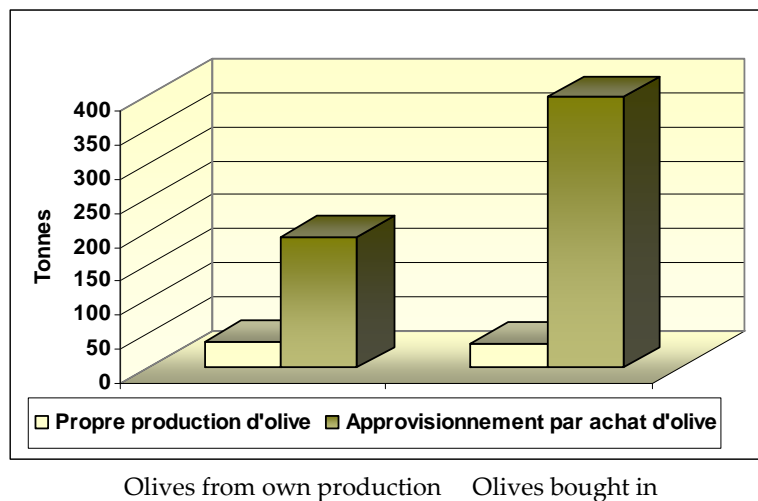
The estate owns a triple-phase crushing unit. Extraction is carried out through cold pressing, for the optimal retention of the olive oil's aroma, flavour and natural properties. Crushing capacity is 80 tonnes of olives a day.

3.3.2 Star Olive's output of olives

In the two years in which the company has been active, output of olives has fallen slightly, from 38 to 35 tonnes. This is explained by, among other things, 'alternate bearing', a feature typical of olive trees.

Figure 3.2: Sources of supply of olives for the seasons 2005/06 and 2006/07

Source: authors' research

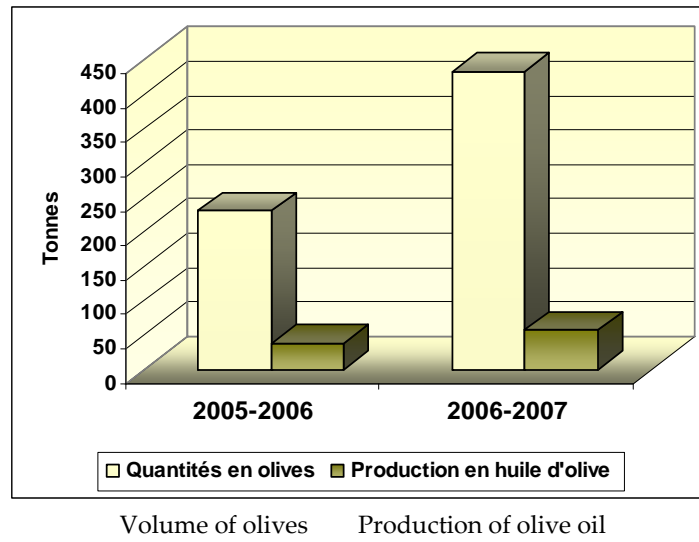


Because of the low level of output of olives, supplies were purchased from major growers in the region. Star Olive bought in 192 tonnes for the first season and 398 tonnes for the second, so as to ensure a satisfactory volume of olive oil produced.

In fact, as Figure 3.3 shows, the increase in the quantity of olives available as the raw material is reflected in the production of olive oil, which rose from 37 tonnes in the 2005/06 season to 57 tonnes in 2006/07.

Figure 3.3: Production of olive oil in the seasons 2005/06 and 2006/07

Source: authors' research



3.3.3 Characteristics of the company's products

3.3.3.1 Quality: a priority for Star Olive

Star Olive is careful to ensure that the chemical and organoleptic (relating to taste, smell, colour, appearance and consistency) characteristics of the olive oil it produces are compliant with international norms and standards. In fact, chemical analysis at the official national laboratory (LOARC) reveals that the oil has an acidity level no higher than 0.14 per cent, which is lower than the level fixed by international standards. Likewise, the company uses a committee of tasting experts to confirm the oil's fruity flavour.

These analyses together have shown that Star Olive's oil is of a quality that can stand up at both national and international level. In fact, the olive oil won first price at the second Meknès international agricultural fair.

3.3.3.2 Packaging

Star Olive has opted for opaque glass for bottling its oils, to reinforce their high-quality image.

3.3.3.3 Capacity of bottles

Quarter-litre and half-litre bottles are used, and soon three-quarter-litre bottles will also come into use. The bottles are imported from Portugal, for various reasons but in particular on the basis of price, which the director deems reasonable compared with those quoted by Italian and Spanish suppliers.

3.3.4 Marketing

3.3.4.1 Marketing policies

Star Olive's main objective is to have a presence on both the national and the international market.

With regard to the domestic market, Star Olive is aiming at integration into the large-scale retailing sector in order to achieve a high level of sales, and to ensure that its products become well known through the resulting publicity. It is also trying to get into the catering and hotel markets.

At international level, the company is trying to conquer the American and European markets through delicatessens and catering, and through one or two supermarkets (such as E. Leclerc), thus targeting a particular consumer niche market.

Star Olive offers two brands: the brand name 'Terroirs de Saiss' was created in 2005 when the company began operating, and it was chosen to honour the region where the oil is produced. The second brand name, 'Kirana', dates from when the company took its first steps in exporting.

3.3.4.2 Volume of sales achieved by Star Olive

The combination of difficulties encountered by the company with regard to marketing means that the 37 tonnes of olive oil produced during its first olive oil season were not completely sold. Fifteen tonnes were sold in bulk (at DH61 per litre), despite the company's policy of selling its oil in bottles. This operation was necessary in order to create a rolling fund to cover the company's expenses while it was still in the start-up phase. The remainder of the output was bottled and stored while waiting for opportunities to sell it.

In October 2006, the company was able to sell part of its stocks on the domestic market, in particular to the medium-sized supermarket companies Franprix and Souiss; the quantities were not large, but at least it represented a big step for the future of the business, enabling it to gain a name for itself on the domestic market.

Table 3.1: Value of sales made by Star Olive nationally and internationally, in dirhams

Year	Domestic sales	Exports	Total sales
2005/06	1,076,000	–	1,076
2006/07	15,000	134,000	150.000

Source: authors' research

It should be pointed out that prices vary according to the market rate for olive oil, at both national and international level. For the 2006/07 season, the prices were as follows:

Table 3.2: Market prices for 2006/07 season, in dirhams

	Half-litre bottle	Quarter-litre bottle
Factory price (ex-works price for export)	35	20
Price paid by supermarket	49	29

Source: authors' research

The difference in the price received for exported oil and that received for oil sold to the supermarkets relates to a number of costs involved in the latter case (transport, marketing co-operation, end-of-year discount, etc.), which are incorporated into the cost price, while in the case of exports, the contract signed with the importer relates to purchases at the factory gate, at ex-works price.

3.3.4.3 Marketing strategies

Despite the fact that it is a new business, Star Olive has put considerable effort into management and marketing matters, and has adopted a strategy designed to offer a good-quality product to the olive oil market. Penetrating this market is certainly not easy but, thanks to the determination of the company's director and the methods she has chosen, Star Olive is already enjoying some success.

There are several factors behind this success, and in particular, the choice of packaging. This is one of the product's strong points. The characteristics of opaque glass (its chemical composition, and its properties that relate to health and hygiene) mean it is a material that guarantees protection from light, natural conservation of initial temperature, and retention of the oil's quality. In addition, glass bottles represent a reliable communication tool, sometimes more effective than catalogues and leaflets, since there is something original about it which can differentiate it from the competition. Moreover, Star Olive has set up a website, a marketing strategy that helps to enhance the value of its products. The company has also produced leaflets and catalogues which are distributed in the supermarkets and at exhibitions and fairs.

Adapting to both domestic and international markets is not an easy task and it has meant that Star Olive has had to draw up a strategy that suits the specific requirements of both markets. What are the strong points of this strategy?

- **National level**

Given that neither the company nor its brand name was well known on the domestic market, Star Olive decided to play the quality card during its negotiations with the medium- and large-scale retail chains. In addition, it set up a promotional system, based on tasting sessions with consumers during national trade fairs and also at the

Franprix and Souissi stores where its products are sold. It has also organized promotions within these supermarkets to develop customer loyalty.

- **International level**

Star Olive offers two ranges under two different brand names, Kirana and Terroirs de Saiss. Kirana was a response to demand from the US market, which prefers its particular qualities to that of Terroirs de Saiss. The difference between the two derives from the variety of olive used. Kirana is made exclusively from the Picholine Marocaine olive, while Terroirs de Saiss is made from a blend between this olive and the Arbequine. This blend is generally preferred by European consumers.

Star Olive takes part in various international trade fairs and seminars at Meknès, New York, Montreal, etc., regarding these events as an effective means of meeting potential customers.



3.3.4.4 *Obstacles to Star Olive's marketing operations*

Star Olive has encountered several problems in launching its product both at national and at international level.

- **The domestic market**

It is still very difficult to gain access to this market, especially the major retail chains. The company has made several attempts to integrate into this market but mostly without success. Star Olive started negotiations with Label'Vie and at first they seemed very promising, since Star Olive was willing to cover the listing costs end-of-year discount, etc. Nevertheless, Label'Vie withdrew just before the agreement was due to be signed, on the grounds that organizational changes prevented it from listing new producers.

The presence of Terroirs de Saiss oil on the shelves of Franprix stores opened up other marketing opportunities, particularly with the major distribution chains. Star Olive has received a request from Acima, which expressed enthusiasm for its product. However, there were reservations on the part of Cofarma's management, although Star Olive has still not received any explanation for this rejection.

The Marjane supermarket company has held back right from the beginning with regard to the price proposed by Star Olive, thus blocking all possibilities of negotiations.

This means that Terroirs de Saiss olive oil is sold only in the smaller supermarkets (Soussi, Franprix), which are relatively flexible when it comes to their requirements, according to Star Olive's director. The quantities required by these companies can be met by Star Olive without difficulty. Another advantage is that these companies have so few outlets (two supermarkets), there are no problems about logistics.

- **The international market**

Moroccan olive oil suffers from stiff competition from very well-known oils such as those from Spain and Italy. Moreover, integration into international markets means obtaining various certificates of quality as well as having the necessary financial and human resources. This last factor is of paramount importance because introducing the product into these markets requires the collaboration of importers and/or reliable and competent distributors.

3.4 Principal partners that have contributed to the development of the olive oil value chain

3.4.1 National bodies

3.4.1.1 The state: a discreet role

The role of the state can be described as modest when it comes to olive oil production and marketing. It does make a considerable effort at the agricultural end of the business, but still has only a weak presence at the marketing end. Within the framework of the National Olive Oil Plan the state has contributed, through the Fès DPA, support for Star Olive's olive tree planting programme with grants of DH2,600 per hectare, or DH169,000 for the whole olive grove. On the other hand, the choice of a triple-phase crushing unit is not beneficial to Star Olive since it is set up for using dual-phase units, for environmental reasons.

Star Olive told the researchers it was dissatisfied with the slowness of the administrative procedure necessary for obtaining the grants.

3.4.1.2 Banks

As far as the financial aspects are concerned, Star Olive turned to Crédit Agricole du Maroc. This bank contributed a large amount of the company's share capital – 70 per cent of the total – through several products designed to support the business:

- loan for purchase of Olivium harvesting equipment

- loan for purchase of Saquii filtering equipment
- loan for rolling fund, to pay wages of permanent and seasonal employees.

3.4.1.3 Professional institutions

The expansion of Star Olive at national level has led the company's director to take an active part in relevant professional bodies. Also, from the outset, the company has been a member of the Union pour le développement de l'olivier de Meknès (UDOM), which has enabled it to:

- raise the technical and technological level of its olive-growing activity, making use of the information and training available on production methods, olive varieties, etc.
- find out about dates and locations of international trade fairs and tasting competitions organized at national and international level, enabling the company to promote its brand within the olive oil market.

3.4.1.4 International bodies

Some international organizations have taken an interest in the company; in particular USAID, within the framework of its Integrated Agriculture and Agrobusiness programme. In fact, thanks to USAID's support, Star Olive, like other Moroccan olive oil producers from Saiss region, has benefited from a major opening into the US market being made available through the introduction of an action plan, the main elements of which are:

- training in marketing and management for the company's staff. This training is aimed at improving knowledge of the requirements and preferences of the US consumer, whose priority is quality
- training modules on good practice in the production of olive oil, good hygiene practice, and a hazard analysis and critical control points (HACCP) system for the company's staff (head of production and assistant head of production)
- USAID has provided an importer/distributor who is an expert in the US market and American consumers' food-buying habits. In order to help Star Olive penetrate the US market, he steered the company towards a new type of packaging that would meet regulations in force in the United States. In addition, one of the advantages of the collaboration with this expert is his knowledge of matters concerning the distribution of olive oil throughout a large part of the United States
- With regard to advertising, for a six-month period USAID undertook to publish a quarter-page colour advertisement in the magazine *Gourmet Review*, with Star Olive contributing to the cost to the level of 10 per cent of the value of its exports.

The study of Star Olive has enabled us to identify the key elements that could facilitate the company's integration into the domestic large-scale retail market, and those that prevent this integration; we have done this through a 'strengths and weaknesses, opportunities and threats' (SWOT) analysis.

3.5 SWOT analysis of Star Olive

Table 3.3: SWOT analysis

<p>Strengths:</p> <ul style="list-style-type: none"> - Skilled staff - Its olive oil production has quantitative and qualitative potential - Niche product ('terroir') - Support from USAID - Support from UDOM 	<p>Weaknesses:</p> <ul style="list-style-type: none"> - Lack of publicity about its product at national level - Product has scarcely penetrated the national market - Sizeable level of debt
<p>Opportunities:</p> <ul style="list-style-type: none"> - Product complies with international norms and standards - Moroccans' olive oil consumption habits beginning to change 	<p>Threats:</p> <ul style="list-style-type: none"> - Difficulties in gaining access to the national large-scale retail sector - Seasonal workforce lacks skills - Experienced competitors

Source: compiled by authors

3.6 Star Olive's upgrading costs entailed in forming with trade relationships with modern markets

In order to participate in modern markets, small and medium-sized producers are often required to carry out changes to their marketing strategies, and even a change in direction, if they are to succeed in forming relationships with these markets. The various changes that are entailed give rise to costs known as 'upgrading costs'.

As we have pointed out, Star Olive's strategy is to integrate into the national market via the supermarket chains, as well as into the export market.

Below, we try to determine the costs incurred by Star Olive with regard to both these markets.

3.6.1 Upgrading costs connected with Star Olive's trade relations with the large-scale supermarket chains

The profile of the type of consumer targeted by Star Olive fits that of the customer of the large-scale supermarkets. Costs incurred by the company in relation to its efforts to penetrate this market fall into two categories:

3.6.1.1 Costs arising from gathering information about the major supermarket chains

Aware of the importance of establishing a network of customers, Star Olive embarked on a search for potential customers for its products. In this context, it prioritised the Moroccan supermarket chains, making contact with several central buying offices. However, after a long period of canvassing, the company managed to

sign contracts with only two small supermarket companies, Franprix and Supermarché Souissi.

It should be pointed out that, given that it is a new company, Star Olive was no match for the big retailers when it came to negotiations.

3.6.1.2 Costs arising from establishing the relationship

According to the retailers' buyers, the concept of the 'Terroirs de Saiss' product, as devised at the start of Star Olive's operations, does not need to be changed, and this means no additional expenditure is needed in this respect. There were only one or two things Star Olive had to do in order to sell its product through the two supermarkets named above:

- setting up a stand within Franprix outlets for the purpose of attracting customers' interest and offering tasting sessions
- improvements to its logistics: this is a critical factor in relations between supplier and distributor. In order to meet distributors' requirements in terms of quantities and delivery deadlines, Star Olive invested in the purchase of a vehicle for transporting orders from the Kirana estate at Meknès to the sales outlets in Rabat and Casablanca.

3.6.2 Upgrading costs connected with trade relations with the US market

Having made the effort to meet the requirements involved in penetrating the national large-scale retail market, Star Olive started to explore other markets.

The American market is of key importance, according to the company's director. She told us about the specific characteristics of this market and about the organizational changes that Star Olive had to make in order to gain access to it. Below, we look at the opportunities offered by this market.

3.6.2.1 The US market: a major opening for Star Olive

Entering the US market did not happen by chance. In fact, Star Olive's integration into this market was facilitated by a combination of several factors:

3.6.2.2 Moroccan-US relations

A free trade agreement between Morocco and the United States came into force on 1 January 2006. This agreement is designed to promote investment and liberalisation of trade between the two countries. It allows free access for almost all Moroccan agro-industrial products into the United States. Within this framework, olive oil, which accounts for 17 per cent of exports to this market (MCE, 2004) is no longer subject to any restrictions, whether relating to tariffs or to quantities.

3.6.2.3 *The US market for olive oil: dynamic demand*

The demand for olive oil almost doubled during the past decade. Supplies fall far short of demand. According to a study carried out in March 2006 by the American Chamber of Commerce in Morocco (AMCHAM) in collaboration with MADRPM and USAID, 'Production of virgin olive oil is practically insignificant, meeting only 0.6 per cent of American demand, therefore offering opportunities to Moroccan olive oil producers.' Thus during the past decade, the total volume of olive oil imported into the United States has grown from 100,000 tonnes to more than 200,000 tonnes.⁵

The North American Olive Oil Association states that the growing demand for virgin olive oil in the United States seems likely to continue in the future.

3.6.2.4 *American consumers' preferences regarding olive oil*

Recent studies on American consumption habits show their inclination for an olive oil of good quality, particularly extra-virgin and virgin oils. These studies reveal a 4.88 per cent growth in consumption of these grades of olive oil in 2003. Despite their high price, sales of extra-virgin and virgin olive oils have grown considerably, to the detriment of other grades (refined, standard). In fact the average American consumer considers that the present price of these oils is appropriate for the product's quality and flavour. So there are numerous possibilities for extra-virgin oils in the United States, and this situation will certainly suit Star Olive's product.

Given the opportunities on the US market, Star Olive has had to make certain changes to its strategy so as to succeed in its trade relations in this market, and the changes entail certain costs. What do these costs relate to?

3.6.2.5 *Star Olive's upgrading costs connected with its trade relations with the US market*

• **Costs entailed in gathering information about the US market**

With the aim of widening its area of marketing, Star Olive started a phase of exploring the international commercial environment, selecting several countries as priorities (Canada, United States, France, Belgium and Germany), and taking part in various international trade fairs. During this phase, it studied not only the current potential of these markets but also the latent demand which would enable it to make sales in the future. On the basis of this study, Star Olive concluded that the US market currently offers the best advantages, which encouraged it to invest in this market, putting its projects with the other markets on hold for the time being. With the support of USAID, the company drew up plans for possible entry into the US market and for developing ways of doing this.

As a first step, Star Olive decided to engage an expert in matters concerning US legislation, to advise on export procedures. The choice of a partner (importer and/or

⁵ USAID, 2007

distributor) was stated by this expert to be of paramount importance, given the difficulty of covering all the costs that would be involved. Thus Star Olive called on USAID, which found it a partner, extremely well known in the United States, and which provided the company with an opening into this market.

- **Cost of setting up the relationship**

Getting into the US market is not at all an easy task for Moroccan producers. Even the combination of opportunities it offers are not enough to offset the multitude of regulations and requirements governing the quality of products, their import and their sale on this mega-market. In addition, there is a lack of knowledge of this market among Moroccan producers. For this reason, Star Olive has had to face a number of obstacles, which has meant the company has had to improve the organization of its management structure in order to adapt to the requirements of the American market. Thanks to its strategies relating to the production, processing and marketing of virgin olive oil, it has avoided any extra costs that might have been necessary in order to comply with certain regulations.

However, in order to completely adapt to this new market, a number of adjustments have had to be made to its strategy, through:

- setting up a marketing department: aware of the importance that this can have for a company's successful operation, Star Olive decided to recruit qualified staff with the necessary skills in the areas of negotiating and commercial relations. These efforts have been backed up by advertising in an American magazine, in order to attract the attention of the American consumer. A large part of the cost of this advertising is provided by USAID

- increasing output capacity: by extending the area under olives but also by buying in olives in order to fulfil orders

- launching a new product: the US authorities are very demanding in terms of quality, food safety (wholesome products), packaging, labelling, etc. These requirements have already been taken into consideration by Star Olive, right from the start of its operations. The company has in fact already paid close attention to quality and food safety, so has not had to bear the cost of adapting to US regulations on technical aspects or on bio-terrorism. However, its packaging does not meet US regulations regarding labelling. Accordingly, attention is being paid to this.

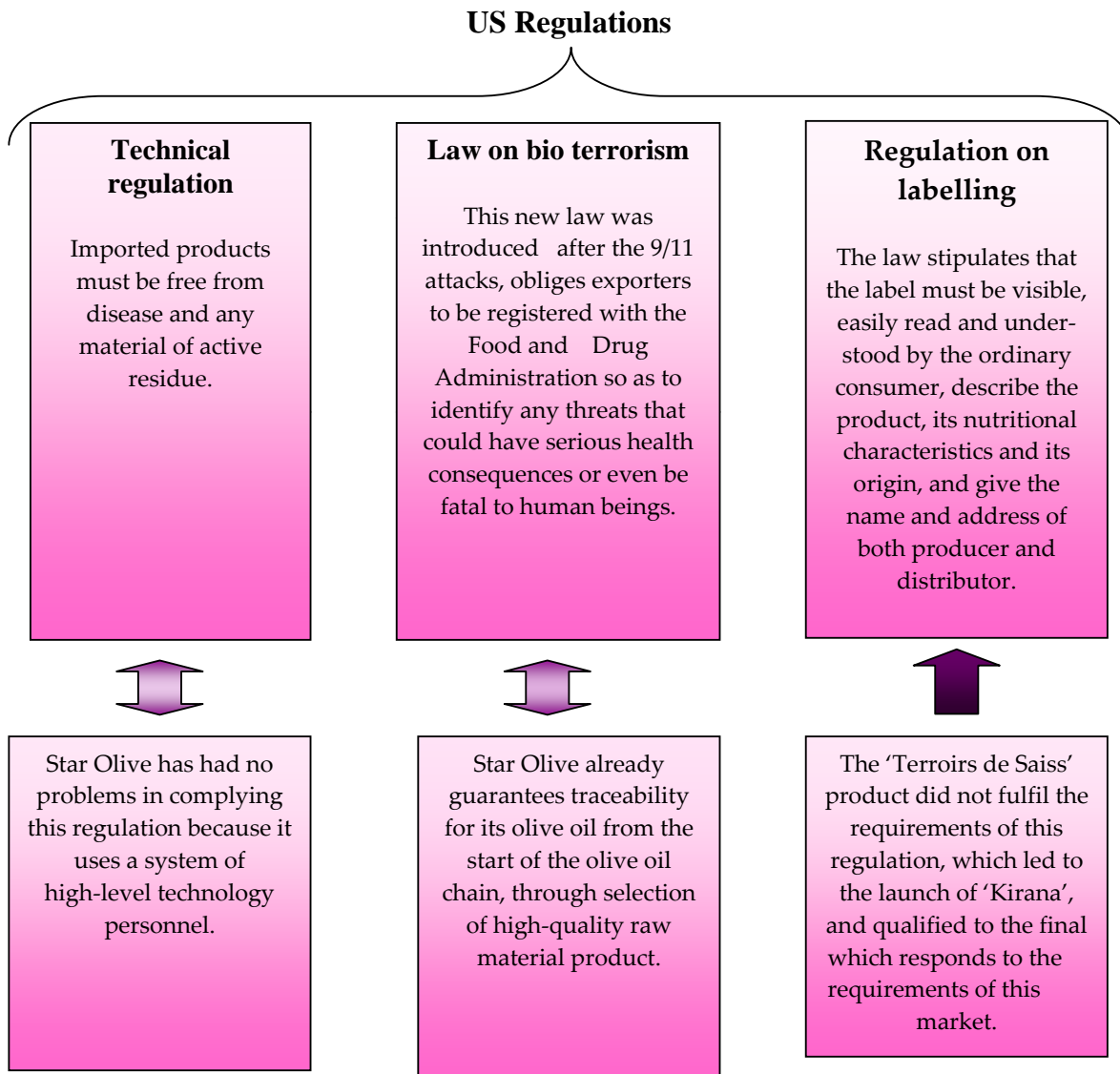
As well as these costs entailed in complying with US regulations, the company has been careful to integrate into this market with the minimum risk of failure. In seeking entry into the US market, the company discovered it would have to create a different brand name for marketing its product, given that Anglophone consumers find it difficult to get to grips with the original name. Star Olive quickly realised that the name 'Terroirs de Saiss' is too long, and difficult for them to pronounce. Thus a shorter name, easier to pronounce and remember, was decided on: 'Kirana'.



As the consultant’s report demonstrated that American consumers are keen on oil produced from the Moroccan Picholine olive, Star Olive invested in this niche, so as to attract the American consumer, even though this entailed reorganising the crushing and packaging processes because of the other varieties also used.

To sum up, the diagram below shows the extent to which Star Olive is able to comply with US regulations.

Figure 3.4: Extent to which Star Olive meets US regulations

Source: compiled by authors



 Upgrading costs incurred in order to satisfy this regulation.
 No upgrading costs were incurred in satisfying this regulation

An analysis of upgrading costs has shown that integration by an individual producer into a modern market such as the US retail market requires considerable efforts, which does mean expenditure on the necessary changes, but there is a very high likelihood of succeeding in these trade relations, given the size of US consumers' demand for extra-virgin olive oil. The table below gives a clear illustration of the characteristics of the US market and those of the domestic market, and of the upgrading costs borne by Star Olive in order to integrate into these markets.

Table 3.4: The opportunities and constraints encountered by Star Olive and the upgrading costs incurred in order to integrate into the domestic market (supermarket chains) and the US market

	Opportunities	Constraints	Upgrading costs
Domestic market (supermarket chains)	<ul style="list-style-type: none"> - Number of visitors 9,000 people per day - Marketing - Stable income - No particular requirements concerning labelling or traceability 	<ul style="list-style-type: none"> - Terms and conditions - Restriction on the number of olive oil producers per retailer - Direct and indirect influence of big industrial olive oil producers - Consumption habits (weak demand for virgin and extra-virgin olive oils) - Low level of consumption (2.96kg per person) - Limited purchasing power of Moroccan consumers 	<ul style="list-style-type: none"> - Cost of canvassing supermarket chains - Cost of setting up a stand within supermarkets (Franprix) - Cost of improving logistics (to meet delivery deadlines)
US market	<ul style="list-style-type: none"> - 292 million consumers - Strong demand for olive oil (demand has risen tenfold over past six years) - Consumption of olive oil is 0.7kg per person - Preference for extra-virgin olive oil (consumption rose 4.88% in 2003) - Consumers' high purchasing power 	<ul style="list-style-type: none"> - Labelling regulations - Competition from Italian and Greek [olive oils - Little knowledge about qualities of Moroccan olive oil 	<ul style="list-style-type: none"> - Cost of exploring the US commercial environment (participation in New York trade fairs) - Cost of setting up a marketing department (qualified personnel) - Cost of increasing output - Costs of launching a new product: <ul style="list-style-type: none"> o cost of adaptation to meet labelling regulations o cost of reorganising crushing and packaging processes o marketing cost (advertising, etc.) o cost of consultant's report on US legislation

Source: compiled by authors

3.7 Star Olive’s future projects and prospects

Star Olive plans to carry out several projects, as follows:

- obtaining certificate ISO 22 000 as a guarantee of compliance for its products in order to gain access to international markets;
- obtaining organic certification: organic olive oil can compete with the best-known oils at international level;
- expanding the area under olives to 150 hectares by 2012;
- integration into other major national supermarket chains: at present, Star Olive is in negotiations with Aswak Assalam – which is ‘thanks to our collaboration’ – as well as with other supermarkets in Casablanca;
- engaging a distribution company that can help to overcome the difficulties in participating in the domestic market so that Star Olive’s products can be marketed at national level; and
- forming an association of Moroccan producers of extra-virgin olive oil, with the aim of getting Moroccan oil better known and to raise awareness among Moroccan consumers of the qualities of extra-virgin olive oil.

3.8 Conclusion

Star Olive is a limited company, created in 2005; its main activity is the production, processing and marketing of extra-virgin olive oil under two brand names, Kirana and Terroirs de Saiss. Its average output of virgin olive oil is 47 tonnes, marketed at both domestic and international level. The table below enables us to determine the most appropriate marketing network for Star Olive.

Table 3.5: Evaluation of marketing networks used by Star Olive

	Domestic market (supermarket chains)	US market
Opportunities	++	++++
Constraints	+++	+
Upgrading costs	+	++
Ratio of opportunities to constraints	+	+++

Source: compiled by authors

- + Weak
- ++ Medium
- +++ Strong
- ++++ Very strong

Despite the fact that the domestic supermarkets are not demanding in terms of regulations on labelling, traceability and compliance with international quality norms and standards, there are other constraints such as those regarding the need for greater public awareness of the brand and the company, as well as the expenses

involved in getting into to the large-scale retail market, all of which remain barriers for small and medium-sized producers of olive oil.

The combination of constraints is not the sole difficulty encountered in trying to gain access to the supermarket chains, given that they themselves face competition from the informal sector, and this is why they limit the space allocated to olive oil, and therefore the number of suppliers.

The strategy adopted by Star Olive to integrate into the domestic modern markets has resulted in it achieving a presence in the Franprix and Supermarché Souiss supermarkets. However, this presence is still at a very low level, so the company has made an effort to gain access to the large-scale supermarket chains and to look for other alternatives such as exports to the United States. In fact, despite the costs incurred by the company in meeting the regulations, in reorganization, etc., the US market still offers the greatest opportunities (high level of demand, consumers with high purchasing power, etc.).

Regoverning Markets

Regoverning Markets is a multi-partner collaborative research programme analysing the growing concentration in the processing and retail sectors of national and regional agrifood systems and its impacts on rural livelihoods and communities in middle- and low-income countries. The aim of the programme is to provide strategic advice and guidance to the public sector, agrifood chain actors, civil society organizations and development agencies on approaches that can anticipate and manage the impacts of the dynamic changes in local and regional markets. The programme is funded by the UK Department for International Development (DFID), the International Development Research Centre (IDRC), ICCO, Cordaid, the Canadian International Development Agency (CIDA), and the US Agency for International Development (USAID).

Innovative Practice

Innovative Practice is a series of case studies from the Regoverning Markets programme providing examples of specific innovation in connecting small-scale producers with dynamic markets at local or regional level. Based on significant fieldwork activities, the studies focus on four drivers of innovation: public policy principles, private business models, collective action strategies by small-scale farmers, and intervention strategies and methods of development agencies. The studies highlight policy lessons and suggest working methods to guide public and private actors.

The case studies were coordinated by:

Julio Berdegúe, RIMISP - Latin American Centre for Rural Development, Chile
Lucian Peppelenbos, Royal Tropical Institute (KIT), Netherlands
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