**Case Study**

**European Organic Fruit Juices – The Options**

The European organic juices market is becoming increasingly competitive, with growth rates slowing and consumer demand stabilizing in many countries. Competition is stepping up and companies need to re-examine their strategies if they are to achieve positive business growth.

Juice companies can acquire competitive advantage via a cost leadership strategy. This is usually gained by companies that are able to achieve economies of scale in production and marketing. Such companies buy raw material in bulk and they produce organic juices on a large scale. They are thus able to market organic juices at low price and this is usually to the main stream food retailers.

France and the UK have organic juice companies that have gained market leadership via this strategy. Conventional juice companies undertake this strategy in the organic juices market because of their large production capacity and established contacts. This strategy is not viable for new entrants that have low financial resources and specialised products. A differentiation strategy involves companies marketing a product which is clearly distinguishable from a product in the market place.

In the organic juices market, this means the product has attributes that are distinct from others, which can be in the form of flavour, juice type or other characteristics. A cost focus strategy involves a company gaining competitive advantage by being the low cost provider to the market segment. An example would be a company that offers a wide range of specialised juices (eg. Organic mixed vegetable juices) at low prices. A differentiation focus strategy involves companies marketing a distinct or unique product in the target segment. There are many examples of companies undertaking this strategy in the European Organic juices market.

The leading companies in Germany specialise in supplying organic juices to certain marketing channels. An example is the Demeter brand of organic juices. The cost leadership strategy is the most fancied route of conventional juice companies and has achieved success in countries such as Italy and the UK.

A focus strategy is probably the most practical for smaller companies, but the potential of target segments has to be accurately measured.

**Task:**

**In groups comment on the advice given to organic juice companies in relation to Porter’s four generic strategies. Do you feel it is appropriate? If so, why?**